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FINANCIAL TIMES

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* 12p



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NEWS SUMMARY

GENERAL

BUSINESS

Special
Products
forecasts
profits

BY RICHARD EVANS, LOBBY CORRESPONDENT

Palestine National Council today approved a 15-point declaration that gives Palestine Liberation Organisation leadership a free hand to decide on whether to attend a resumed Geneva peace conference.

Those who voted in favour of the two divisions of the Arab Liberation Front—their general command, 'LO said,

spite the seemingly defiant of the declaration, it was agreed that the door had not closed on PLO acceptance of a negotiated settlement or the of acceptance of a Indian mini-State. Page 4

**are invaders—
avy losses'**

troops have inflicted heavy on forces which invaded province, formerly Dr. Mobutu in Kinshasa. Dr. Fidel Castro, the Cuban leader, is in Lusaka at the start three-day visit to Zambia. United Nations is due to a Security Council debate with Africa to-day. Page 4

**Lord Mayor
London dies**

James Miller, a former Lord of Edinburgh and a Lord Mayor of London, Edinburgh, yesterday. He had a lifelong passion for sailing and had given £75,000 towards building a sister ship to training schooner Sir Churchill. Lord Cobham, Governor-General of Newfoundland, has died in London. He

man leak

of the final draft of the Committee report on the of Broadcasting is likely the subject of a Whitehall this week. The report—due to be published on day—says that a fourth TV channel should go to a new casting authority. Back Feature, Page 25

ter blast

ab exploded in the grounds Belfast, Royal Victoria last night. Police said apparently been thrown the wall. Five men were questioned by police after battle in the middle of Belfast Lough.

zner loses

in Joe Bugner was de in a 12-round heavyweight Bugner had hoped to use as a step towards a title to Muhammad Ali. Page 20

pets for cows

In-wall carpeting for cow to keep the cows warmer cleaner is being tried in west Scotland. This winter farms in the Dumfries area have been bedded on type of rubber carpeting. Farmer said: "The carpet them off the cold concrete and should keep down

mes Hunt wins

Hunt, world champion driver, in a Marlboro car, won the Race of Champions at Brands Hatch yesterday.

efly . . .

sea's former soccer player Houseman and his wife among four people in a three-car crash. His action is to be taken first students staging a new at Essex University.

Alexei Kasyuk, Soviet

is due in Helsinki to row at the start of a five-day

Mark—Nora the bairn in BBC Radio Four serial. The

—has died in a Birmingham hospital after an operation. Page 23

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Saudi Arabia 11-24

ON OTHER PAGES

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OVERSEAS NEWS

Chilean foreign investment decree

By Robert Lindley

Buenos Aires, March 20. THE CHILEAN military junta led by Gen. Augusto Pinochet has published a new decree-law to encourage foreign investment. The law provides that foreign investment should be treated on exactly the same basis as domestic investment, and allows foreign investors "to transfer abroad their capitals and the liquid profits with no limitations whatever."

The new measure comes five months after Chile's withdrawal from the Andean Pact, whose five members—Peru, Bolivia, Ecuador, Colombia, and Venezuela—allow only 14 per cent of profits to be remitted abroad.

The foreign investment committee already in existence will be the only State body charged with accepting foreign capital investments. In future it will be made up of the Ministers of economy, foreign relations, treasury, national planning and—for each individual case—the minister of the area in which the investment is to be made.

Meanwhile, President Augusto Pinochet in a nationwide radio and television speech has, without fixing a timetable, announced the formation of a "legislative chamber" and new political parties. A week ago General Pinochet dissolved the only remaining political parties, although all three were "in recess." One of these was the Christian Democratic party, the largest single political grouping in Chile.

General Pinochet said the new parties will be merely "currents of opinion and not groups which seek to retain power for their own benefit." He added that the traditional political parties conform to "structures, leaders, customs and mentality... of an institutional regime which is definitively dead."

Independence for Djibouti fixed for June

By Robert Mauthner

PARIS, March 20. THE FRENCH Red Sea Territory of the Afars and the Issas (Djibouti) is due to become independent on June 27, following a referendum and general elections to be held on May 8, under an agreement reached here yesterday after three weeks of difficult negotiations between the French Government and some of the territory's main political leaders.

The agreement, however, is precarious. It was concluded in the absence of M. Sarkat Gouraud, the leader of the majority group in Djibouti's parliamentary assembly, as well as of the delegation of the Liberation Front of the Somali Coast.

Aegean tension

Tension between Greece and Turkey mounted again today, this time over yet another series of Turkish manoeuvres in the Aegean which Greece considers an abuse of Turkish rights and a threat to international navigation and air traffic in the area, our Athens correspondent reports. According to an authoritative source, some units of the Greek navy and air force have been placed in a state of increased preparedness and the Greek air force will be patrolling the Aegean to see there is no violation of Greek air space and territorial rights. The new state of tension is likely to affect prospects for a settlement of the disputes between Greece and Turkey over territorial rights in the Aegean, talks on which were to resume in Paris late this month.

Congo arrests

Radio Brazzaville said on Sunday that Congolese President Marius Ngombi's assassins were "killed by lawns" of the ruler he deposed eight years ago, and has demanded "blood" in retribution. UPI reports from Kinshasa. The radio, monitored in Zaire, said former President Alphonse Massamba-Debat and "many others" had been arrested and were under interrogation by the 11-man military council that took over after the assassination and failed coup on Friday.

Bonn reviews atomic energy needs

By NICHOLAS COLCHESTER

THE BONN government this week presents its revised estimates of how much atomic generating capacity West Germany will need by 1985. This follows savage clashes on Saturday between police and radical groups on the site of an atomic power station at Grohnde in Lower Saxony, in which 300 people were injured.

Saturday's demonstration started peacefully in a village close to the planned power station, but quickly turned ugly

as busloads of demonstrators

PLO leadership given free hand on going to Geneva

By ROBERT GRAHAM

THE PALESTINE National Council to-day approved a 15-point political declaration that gives the PLO leadership a free hand to decide on whether or public simply to ensure the best possible bargaining position vis à vis other Arab Governments. The declaration's wording is tough but at no point does it reject the possibility of a negotiated settlement.

It was approved after eight days of talks and a session into the early hours of this morning by 194 votes, with the hardline Popular Front for the Liberation of Palestine (PFLP) voting against.

There were abstentions but their number was hard to gauge since several delegates had already left Cairo.

Those who voted in favour of the Arab-Israeli conflict in order to achieve the inalienable rights of the Palestine people as mentioned in the General Assembly Resolution 2326.

Contained in this vague language is the authority, delegated by the council to the PLO Executive Committee, to use its discretion to negotiate, according to highly placed sources. This is a major departure.

Secondly the declaration in its twelfth point adopts new language to define the objective of the PLO. It says "the PNC decided to continue the struggle to restore national rights to the people, foremost amongst them their right to return and to establish determination and to establish their national independent state

on their national land." This is to be regarded as acceptance of a Palestinian mini-state, according to some sources.

The third new element is the unusual emphasis placed upon continued contacts by the PLO with non-Zionist Israelis. The 14th point in the declaration states "The PNC reaffirms the importance of relations and contacts with progressive and democratic forces inside and outside the homeland who stand against Zionism and its ideology."

This is the most explicit endorsement so far of such direct contacts, which could play a major role in future negotiations. It was also an issue upon which the PFLP was violently opposed to the declaration.

This said, however, the Pales-

tinians have not gone as far as some had hoped. They have rejected amendment of the Palestinian National Charter which calls for the establishment of a democratic secular state in all of Palestine. They have also decided against the formation of a government in exile.

UPI adds: "The Palestine National Council to-day elected a new 15-man executive committee, headed by Yasser Arafat. Only four members of the outgoing committee, elected in May 1974, were chosen. The Popular Front for the Liberation of Palestine, which opposed the new PLO political platform, refused to be represented on the new leadership."

THE FIGHTING IN ZAIRE

Invaders fall back, says Mobutu

KINSHASA, March 20.

ZAIRE government forces have inflicted "heavy losses" on the forces who invaded Shaba Province—formerly Katanga—and have retaken the strategic town of Kasai, according to President Mobutu Sese Seko.

According to Zaire Radio, Government forces were to-day continuing to advance with air support, but the invaders still held the Kapanga, Esandoa, Kintele and Ditas areas.

President Mobutu said that the invaders believed to be Katanga militiamen who fled to Angola in 1963 after Moise

Tshombe's abortive secession had welcomed the invaders and halted them at liberators.

Some reports said the invaders had distributed food to local villagers to win their allegiance. Diplomatic sources believe many of the invaders, of whom there are thought to be about 1,500, had lived in the area before the failure of Moise Tshombe's revolt.

The aim of the invaders was "to hurt the Zairean economy," President Mobutu said. Shaba province produces 7 per cent of the world's copper and about half of Zaire's total exports.

No copper shortage threat

By PAUL CHEESERIGHT

CONCERN ABOUT the possible threat to mineral supplies from the Shaba area helped to provoke a £33 a tonne rise in the London Metal Exchange price for cash copper wirebars last week. At £902.5, the price was the highest since the beginning of August.

But although nearly all the copper produced in Shaba—the source of most of Zaire's mineral wealth—is sold in Europe or Japan, there is at present no shortage of international supplies, and in the short term at least any troubles in Zaire are unlikely to have much impact in world copper markets.

The mines are largely owned by the State corporation, Gecamines, which in 1975 produced 463,448 tonnes of copper. Statistics for 1976 are not available, but it is likely that output

was somewhat higher, given the partial recovery in world consumption.

But even since the international economic downturn began in 1973 world mine production has been outstripping consumption and vase stocks have been built up. There are over 618,000 tonnes in London Metal Exchange warehouses, or some 45,000 tonnes more than Gecamines' targeted production in 1976.

Apart from causing temporary difficulties for contracted consumers therefore, there are plenty of supplies available to make up for any halt in the flow of production for export from Gecamines, for some months at least.

But in the longer term, a

breakdown in Zairean supplies would hasten the running down of the world stockpile, which in any case may be affected if U.S. copper workers strike later this year in support of negotiations for a new labour contract.

Although Zaire comes fifth in the world league table of copper producers, after the U.S., Canada, Chile, Russia and Zambia, most of the U.S. proposals for voluntary restraint which were tabled last month

were aimed at Japanese firms.

In the world league table of copper producers, after the U.S., Canada, Chile, Russia and Zambia, most of the U.S. proposals for voluntary restraint which were tabled last month

were aimed at Japanese firms.

Planned production elsewhere

would not necessarily much affect Zaire's importance. If too

much expansion follows, Gecamines is in the middle of the second phase of a programme to raise

production to 570,000 tonnes by

1979.

was arriving for sure on Monday or Tuesday, but the Cuban embassy spokesman watched Zambian officials carting flags and photographs of premier Castro away, and said no-one had told him what was going on.

The announcement of his visit has caused some surprise.

Although President Kaunda has

signalled a post-Angola war

detente by receiving President

Mobutu's aid, and the risk of

other powers propping up the

invaders.

The arrangements for Dr.

Castro's visit are confused

Angola. The Luanda government has denied that the ex-Katangans gendarmes went on the warpath in Lusaka, but no-one would say whether the Cuban president was coming or not.

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was arriving for sure on Monday or Tuesday, but the Cuban embassy spokesman watched Zambian officials carting flags and photographs of premier Castro away, and said no-one had told him what was going on.

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every political party, and

plunged Bonn into a crisis of

political conscience that will

take days to sort out.

The nuclear question is now

serious because in the wake

of a court decision in Freiburg last

week even atomic power stations

under construction now seem

vulnerable to court action.

The court removed the con-

struction permit for the Wyhl

station because it felt that

pressurised water reactors

should have their main reactor

vessels encased in a six-foot thick

wall of reinforced concrete to

provide added strength against a

blow-out.

Such a wall would add an

estimated DM200m, or around

10 per cent, to the current cost

of a 1,400 megawatt nuclear

station.

This court decision put up a

second legal hindrance to the

German nuclear programme,

following the court decision in

February to halt construction of

the Brakel nuclear power

plant. This earlier decision was

based on the thesis that new

atomic power plants should not

be permitted until the reprocess-

ing and burial of West Ger-

many's nuclear waste is

provided for.

This principle was stressed at

State meetings of the Free

Democrats and Social Democra-

ts this weekend. The Technology

Minister, Hans Mattheser, mean-

while conceded that the case for

additional "burst protection"

had to be carefully examined,

and that Germany would "prob-

ably" have to jettison with less

atomic capacity.

West Germany is already

HOME NEWS

Harland set to land gas carriers order

ROY ROGERS

land and Wolff, the State-owned Belfast shipyard, is set to gain a much-needed order for two gas carriers, which has negotiated contract to transport North gas from the Brent field to the U.S., has been looking atapane and British yards a view to placing orders two 70,000 cubic metre steam gas carrying vessels. Allocations are that Harland will be the first to receive them. They almost certainly qualify some financial assistance Northern Ireland, which has an its disposal intervention fund along lines of the £25m fund awarded recently for the under of the U.K. shipping industry.

In view of the depressed state of the tanker market, Harland has been investigating ways of diversifying and specialist vessels such as gas and timber carriers have been high on their list. Ironically it was Harland and Wolff that planned construction of one of the first natural gas carriers in 1964.

Harland, which has undertaken a massive modernisation programme geared primarily to the now-depressed supertanker market, has sufficient orders to keep the bulk of its 5,500 workers occupied until the middle of next year, although the research and design team will be without work well before than unless new orders are won in the very near future.

In view of the depressed

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olicy

Peter Riddell,
Economics Correspondent

INDICATION how the stage of the pay policy will be provided to earnings figures for

lece of strains on the target was provided previous month's figures, showed that average earne by 5.4 per cent. in the months of the policy is equivalent to an annual 1.81 per cent. compared to Government goal of about 7 per cent. for the end of July.

There have been no reported es of the policy. Last Bank of England's monthly bulletin suggested that it might have owed some higher overtime before usally long holidays overas, late settlements and payments under the first

y in the first stage average rose faster than ed consistent with policy slowing markedly in the of 1976.

Extent of the rise so far the strains of this stage, to some slippage and drift from movements workers. Consequently non-Government fore have assumed an earne of at least 8 to 9 per in the year to July.

Other major indicator this is the unemployment total 3 March, due tomorrow. A drop in adult unemployed ported last month, down 1.33m. The underlying increase has been much since late summer com with earlier last year.

**71.2m. rise
National
savings**

Christopher Hill

NATIONAL SAVINGS had a month in February according to figures issued by the National Savings Committee, with issue of National Savings rates taking most of the four weeks to February there was a net estimated in National Savings of £144.7m. The accrued t of £26.5m. meant a total net increase of £171.2m.

IN REPORTS

Depth of Weather forecast, 1st Mar. 1977
at 45 220 Good Cloud
130 180 Good Snow -
rain 5 90 Good Cloud
dull weather 150 280 Good Snow -
windy 30 280 Good Fair -
on middle and upper slopes
on hard base 60 180 Good Cloud -
above reports were supplied by members of the Ski Club of Great Britain

IRD
members: Main runs, all complete snow. Lower slopes—some runs e and others broken. Spring snow runs 1,600 ft. Snow level 2,000 ft. IV
be: Main runs, most runs comp Spring snow. Lower slopes—nursery area. Spring snow runs 1,600 ft. Snow level 2,000 ft. V
et: 10 sunny. Wind 5-10 m. Celsius 3-5 in. moderate

Price rise closes ammonia plant

BY RYHS DAVID, CHEMICALS CORRESPONDENT

THAMES NITROGEN, an independent fertiliser supplier, has shut its plant at Rainham, Essex, because of continued increases in the cost of imported ammonia.

The company says that it has become impossible to compete against the dominant producer, ICI, which bases its production of ammonia, the raw material for nitrogen-based fertiliser, on very cheap supplies of natural gas under a long-term contract negotiated before the energy crisis.

Thames Nitrogen, part of Exchem Holdings, which also manufactures industrial explosives and other products, claims to be the fourth largest UK nitrogenous fertiliser producer after ICI Fisons, and the Dutch-owned UKF, with 8 per cent. of the market, and about 20 per cent. in the South-East.

The decision, which may mean the loss of 150 jobs at Rainham, comes after the latest increase of £10 a tonne by the company's

overseas ammonia suppliers, bringing the price to £70, treble that of four years ago.

The increase reflects pressure on ammonia-producers due to the rise in natural gas prices worldwide.

ICI is believed to pay only about 2p a therm for gas at its ammonia plants from the British Gas Corporation, about a fifth of the normal rate internationally.

As a result ICI has held down its costs and kept nitrogen fertiliser price of about £52 a tonne, compared with about £80 in European markets. U.S. Government price regulations have been a further reason for the widening gap between UK and overseas prices for finished fertiliser products.

Mr. Michael Strickland, marketing director of Thames Nitrogen, said yesterday that it was uneconomic to use imported ammonia to make fertiliser in the U.K. yet insufficient home-produced ammonia was available for manufacturers.

Chamber attacks new proposals on prices

BY KEVIN DONE, INDUSTRIAL STAFF

GOVERNMENT proposals for a new prices policy have been attacked by the London Chamber of Commerce and Industry.

It said in a memorandum to the Department of Prices and Consumer Protection that its members believed the Price Commission lacked the industrial and commercial expertise to operate the proposed new powers.

Members of the chamber were willing to accept some form of price restraint as the quid pro quo for pay restraint, but the proposed switch from allowable costs to a system of discretionary powers was causing great concern.

The present price code was regarded as being too rigid. It pointed out that the return on capital in British industry was 3.4 per cent. and urged the need for greater profitability.

Commission of being over must be recognised.

World communications policy change sought

BY CHRISTOPHER LORENZ

FORECASTING and planning of according to Mr. William H. International telecommunications would improve if they fellow. The main reason for this phone administrations, and if inadequacy is that telephone multinationals companies and administrations throughout the organisations were allowed to Western world no longer country a greater part according to date the provision of international article published today in the International Telecommunications Policy, by vice Mr. Read contends on IPC Press quarterly.

Instead, there is a tendency for the institutions and organisations which have functioned in operate their own international networks, with the traditional past to guide and manage international telecommunications administrations doing little more than renting them circuits.

South East planning review criticised

THE COUNCIL for the Protection of Rural England said the review of the Strategic Plan for the South East, published four months ago by the South East Joint Planning Team, was little more than a stubborn refusal to change direction in the face of changed circumstances.

The study teams insistence on maintaining the 11 growth areas of the 1970 strategic plan ignored the population and economic changes which had occurred in the last six years.

Instead of increasing by 4.5m. by the end of the century, the South East's population was now expected to remain static or even decline. The unnecessary growth areas threatened to consume several thousand acres of food-producing land and were also threatening London.

The encouragement of emigration from London, was threatening to bleed the inner city areas of even more skilled labour and jobs, and was clearly at odds with the Government's commitments to the regeneration of inner urban areas.

Definition of private company may change

By Michael Lafferty, City Staff

A SIGNIFICANT change in the 1948 Companies Act, involving a new definition of private companies, is being considered by the Department of Trade.

The Department is thinking of dropping the requirement that a private company must, among other things, limit the number of its shareholders to 50, in order to make it easier for existing public companies to convert to private status.

The move arises because of the Second EEC Company Law Directive, approved in Brussels last December, which will necessitate upwards of a dozen amendments to the U.K. Companies Acts within the next two years.

Although most of these are of a technical nature, two are of particular importance.

The first will require public companies to have a minimum capital of about £16,000, and unless this is achieved within three years existing public companies will have to revert to being private.

It is in order to relieve companies such as housing associations, which are likely to want to become private rather than increase their capital, that the Department is considering dropping the rule that private companies cannot have more than 50 members.

If the amendment goes through, a private company would be defined as one which restricted the right to transfer its shares and prohibited any invitation to the public to subscribe for its shares and debentures.

The second major amendment to the Companies Acts will involve a change in the names of either all public or all private companies, by including some designation of their status in their titles.

The Department of Trade is thought to favour changing public companies names.

Builders fear cash problems under new tax scheme

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CONSTRUCTION industry still expects the impending introduction of the Government's tax deduction scheme to cause widespread chaos, despite an eleventh-hour concession from the Inland Revenue.

Under the scheme, which comes into effect on April 1, is designed to encourage lump labour from the building industry, sub-contractors must accompany their payment application to a client with a tax certificate issued by the Inland Revenue. Main contractors will also be included when undertaking local authority work or any sub-contracting project.

The certificate will be issued only after the company's tax affairs have been examined by the Inland Revenue and found to be in order. If, after April 6, a sub-contractor is not in possession of a 714 certificate, then the client is obliged to deduct 35 per cent. from the account—excluding materials—in tax.

Despite warnings from the industry that the introduction of the scheme will cause serious cash flow problems for many contractors, some of whom have only just applied for their certificates and others who will have not received them from the Inland Revenue in time, the Government has refused to postpone the start date.

However, after representations made by the Association, the government has agreed to appear in person each time the company claimed payment from clients.

The Association, on behalf of Key Electrical, attempted to persuade the tribunal that power of attorney should be given to the company's manager but its plea was dismissed on the grounds that there was no authority for such an arrangement contained in the legislation.

The association said the company had a consistently excellent tax record throughout its 46-year life and the Inland Revenue had admitted that the scheme threatens to put some companies out of business.

JETS A' level exam in electronics

BY IAN HARGREAVES, INDUSTRIAL STAFF

LORD MOUNTBATTEN, chairman of the National Electronics Council, yesterday backed a new GCE exam in electronics which involves sixth-formers' own bits.

The Associated Examining Board has drawn up the syllabus for the "A" level exam, and the course aims to remove some of the mystique which surrounds the use of electronics. A pilot scheme is being operated at nine schools and colleges.

from the National Federation of Building Trades Employers, it has been agreed that subcontractors which insist that the tax certificate must be issued in nearly all cases be presented in person each time a claim for payment is made, by a letter confirming this and the nominated sole trader or a partner in the business.

On Friday, the association fought a test case before a special tax tribunal on behalf of a North London electrical contracting company, Key Electrical, which is faced with costs because of the new 12,000 applications have yet to be approved, although the certificates have yet to be issued. They say that at least 25,000 more applications have yet to be

approved. The builders say that, even given the latest concession, the scheme's introduction will lead to "inevitable chaos" immediately after the introduction date. They also believe that the future of many contractors could be at risk if their tax records do not meet Inland Revenue requirements precisely. In the time taken to put records straight, they say, companies could be forced out of business if 35 per cent. of their revenue is deducted at source.

The Electrical Contractors' Association, whose 2,400 member companies will also be covered by the new legislation, claims that the scheme threatens to put some companies out of business.

JETS A' level exam in electronics

BY IAN HARGREAVES, INDUSTRIAL STAFF

JETS A' level exam in electronics

Advertising war on Laker Skytrain

By Kevin Done

BRITISH Airways has launched a major advertising campaign aimed at breaking down the developing image of Mr. Freddie Laker's proposed Skytrain service as the cheapest way to cross the Atlantic.

In the battle to provide cheap travel to the U.S. a number of misconceptions have grown up in the public mind, according to Mr. Gerry Draper, marketing director of British Airways.

Off-peak return

He said that for a "good part of the year airline has a cheaper return fare to the U.S. and Canada than British Airways and that family defined as two adults and two children under 12—the BA fare is the cheapest throughout the year.

Mr. Laker said yesterday he was always intrigued when someone else paid for his advertising and pointed out that British Airways' statement failed completely to compare like with like.

British Airways' jet ABC fare London-New York is £122, but this is an off-peak return fare and limits passengers to a particular length of stay.

The Electrical Contractors' Association, whose 2,400 member companies will also be covered by the new legislation, claims that the scheme threatens to put some companies out of business.

Or, meanwhile, back at Whoppingbloomers Ltd's FrancistheRep, gets out of a very tight corner:

I'd been on the job all day.

No, please, do you mind, don't be so common.

You see, I travel in Ladies underwear.

No, I don't wear it, cleverly—I sell it for a living.

No really, have pity, I mean, you should try flogging great thick bloomers nowadays.

Anyway, I'd just got back to the office when the new cleaner came in.

Well, I know it's wicked to laugh, but really she had this, er, enormous, er, bottom.

Honestly, it came in the door three minutes after she did!

And, before I could say anything, she'd lowered it onto my lap.

'Do you mind?' I said. 'You're squashing my aniseed balls!'

'Sorry darling' she said; 'I'm not that heavy am I?'

You must be joking, I thought, but it was no laughing matter when she said, 'Are you getting fresh with me?'

'You should be so lucky' I said, 'the air here's quite fresh enough for me thank you, 'cos we've got the new Airmaster ESF.'

'Who's that, Flash Gordon's uncle?', she said.

'I'll do the jokes if you don't mind' said I.

'But since you ask, it keeps the air really clean from stuffiness and smoke, even when the directors are puffing on their big Havana's in the Conference room.'

'I bet you've got a big Havana,' she said.

<p

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• SAFETY

Markers easy to see in bad weather

ONE PROBLEM is night driving a high degree of retro-reflection. Another effect of the ridging is that should the car swerve, become almost completely in the motorist will hear the visible in certain conditions change of sound as the tyres run especially if they are covered by along the ridges.

a thin water film in rainy There is no problem in laying weather. This mirror effect the material of the lines: a whereby the beams from the simple attachment has been devised which is easy to fit to headlamps are reflected away most line marker machines.

Where noise controls are particularly stringent, a different type of ribbing can be used which, while still providing an audible signal, gives it at a much lower level so that the neighbourhood is not disturbed.

Patents have been taken out in major European countries as well as North America. The plastics material used has been developed specifically for extreme toughness and wear-resistance so that the wear-strips will have a very long life.

The company which controls the patent is also interested in Rainwater is channelled off the road surface ridges towards the road surface so that water does not collect on the marker lines while there is The Hague, Holland.

• HANDLING

Crane or loader

PREVIOUSLY MADE in Denmark, two versions of the Lyka control is duplicated so that the hydraulic crane can be operated from either side of the truck.

More from Lyka Cranes, 382, Blackpool Road, Preston, Lancs. PR1 1LX (0772 727927).

Gives men a lift

MEN CAN be carried to heights up to 26 feet by the latest mobile work platform devised by the Hy-Rider Division of Tasker and Booth.

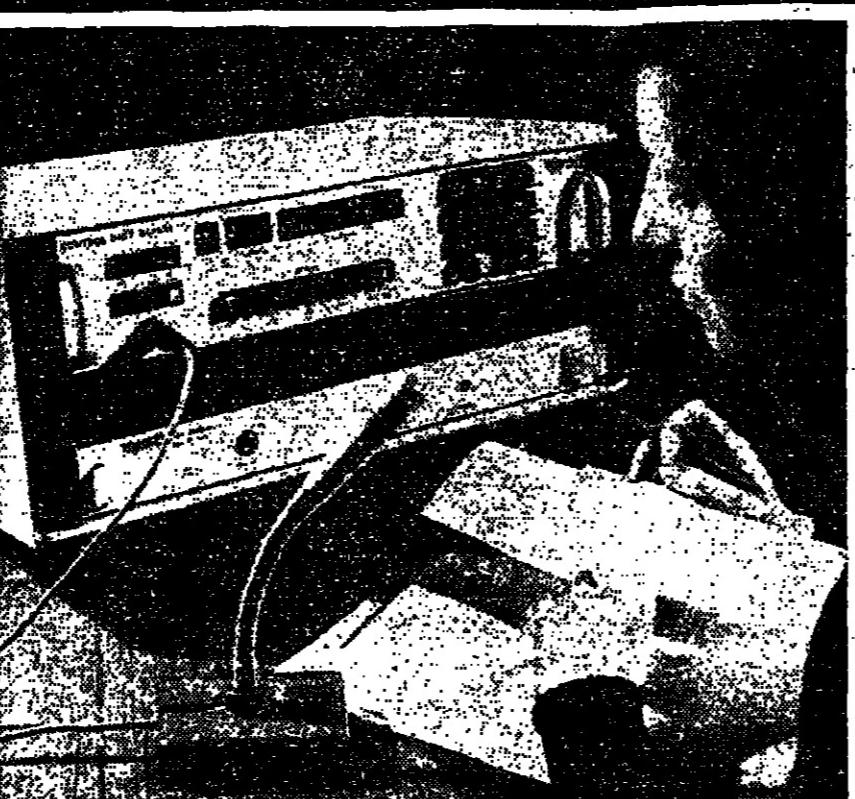
Intended mainly for use in factories and warehouses the electrically driven unit is slim enough (it is under 5 feet wide) to travel through narrow aisles. So far as the user is concerned, the work means that a much better match can be made of shaft to application: the result will generally be a smaller shaft than would otherwise have been designed with consequent space savings in the machinery, an initial cost saving of up to 20 per cent and an increased lifetime due to the herringbone.

The shafts are in production at Voith Transm. GmbH in the UK and are available in the UK from Voith Engineering, Thurcroft Heath, Surrey CR4 7JG (01 689 0741), and from Universal Drive Shafts of Litchfield.

The smaller versions can lift over a ton at 17 feet radius, weighs less than a ton itself occupies 211 inch square of load space on a truck, and can reach 21 feet. The larger crane lifts a ton at 23 feet, weighs under 1½ tons, needs a 24 inch square, and stretches to 28 feet. The lift hook can be retracted to within a foot of the crane post.

Hydraulic power (up to 3,000 psi) is normally from a combined power-take-off and pump fitted to the vehicle's gearbox. A small diesel pack is available where power independent of the vehicle's engine is required.

The powered slew is 410 deg. on the smaller crane, and 375 Road, Croydon, Surrey CR9 3AD.



• COMPONENTS

Shafts take the strain

KNOWN mainly for its activities in paper making machinery, turbo-engineering, multi-directional ship propellers, and quality gear production, Voith of West Germany has entered the cardan (flexible) shaft market with a range aimed at the high power end of the business.

Smallest applications will be in the commercial vehicle field while the largest—39 inches in diameter and 8 feet long and weighing 17 tonnes—are intended for steel making and paper making machinery.

According to the German company, there has been no really extensive investigations of the conditions set up when drives of this kind are subjected to continually reversing heavy torsional loads, nor of the effect on the life. Because of the uncertainty about the safety factor to be applied in these circumstances, users have, says the company, been prone to specifying more massive shafts than have actually been necessary.

Bringing more thoroughness to bear, Voith has developed a computer program enabling shafts of varying sizes to be assessed at the planning stage to determine load capacity under drive conditions.

One outcome has been the evident advantages of the design, which uses a solid one-piece bearing yoke plus welded pin and flange carrier. The plasma arc welding process used together with careful alignment of the parts have, it is claimed, over-

• DATA PROCESSING

Big memory from Intel

LARGEST electrically programmable read-only memory (EPROM) to be made commercially available to date, the 2716, has been announced by Intel. Its capacity is 16,384 bits—twice the previous largest device.

Unlike earlier EPROMs which needed three different supply voltages, the 2716 requires only a single five volt rail. Compared with the eight kilobit memory it is four times as dense, consumes 20 per cent less power (600 mW) and has about the same speed (450 nanoseconds). But as a result of superior techniques in manufacture—for example passive oxide isolation—the chip size is only 17 per cent greater.

In addition, the 2716 is electrically and physically compatible with the company's 2716 mask-programmed read-only memory (ROM). Thus, once programmed, the system can be proved with the 2716, the ROMs can be programmed and plugged directly into the same socket for production systems.

Intel is able to register one of the most rapid year-on-year growth records yet seen in the electronics industry. It can easily fail to be recognized as leading technological innovators and has placed constant emphasis on production ability to back up the new designs. From a figure of \$8m. only three years after the company started, turnover for 1976 reached \$225m.

More from 4, Between Towns Road, Cowley, Oxford OX4 3NB (0865 271431).

Intel's latest addition to its communications receiver range has won international orders worth £1.5m. within a few weeks of its introduction.

The new programmable synthesised communications receiver, the RA 1778, has been ordered by customers in seven countries in Europe and the Middle East. A "substantial" U.K. order has also been received from the Ministry of Defence (PE) for use by the Royal Air Force.

RA 1778 is a tunable receiver with a built-in memory facility which may be programmed with up to twelve frequencies with a controlling interest.

It is estimated that a work force of 400 would be required during construction and 150 to run the plant. Contracts for civil works and necessary services for the proposed new project would be handled in the main by British firms, thus adding to the employment potential in the area. These contracts are likely to total £13m. approximately over a two-year construction period.

The installation of the Redac mini PCB designer at Elesud's new factory is the final stage in providing a full circuit board design and manufacturing service for Italy's electronics industry.

The Financial Times Monday March 21 1977

Norgren
Compressed
Aces



• INSTRUMENT

Lithograph aids in electronic

DIRECT reading, exposure measurement, control instrumentation marketed in the U.K. by Image Technology (UK)—member of the H Group. Developed in the inset the requirements photolithography, polymer exposure, photometer give direct from pulsating light and from pulsed light.

The range of instruments includes portable and channel sets as well as digital monitoring and control systems. A

of sensors are available spectral range 320 to 6 metres, making the ideal for measuring UV-sensitive and photoresistors at high-resolution emulsion which are widely used in production of electron components.

In addition to the pico-MIT Engineering is also a range of UV-light power supplies and integrators which are designed for use with aligners used in the of semiconductors employed for many other applications.

The company is at Industrial Estate, Berkswell, Derby DE8 4UB. Tel: 0772 771431.

Receiver makes its mark

works extension begins opera-

The £12m. Cement-Roadstone Holdings says the proposed project is subject to a number of factors, including the successful outcome of negotiations with prospective partners and the Irish Industrial Development Authority. Detailed discussions are in progress with potential international partners who, apart from investing in the venture, would also purchase a large amount of the output.

The new industry would require a total investment of some £30m. from the partners in the venture. CRH intends to retain a controlling interest. It is estimated that a work force of 400 would be required during construction and 150 to run the plant. Contracts for civil works and necessary services for the proposed new project would be handled in the main by British firms, thus adding to the employment potential in the area. These contracts are likely to total £13m. approximately over a two-year construction period.

ELESUD, in Frosinone, Italy, has been appointed as agent for Redac's computerized design systems.

The installation of the Redac mini PCB designer at Elesud's new factory is the final stage in providing a full circuit board design and manufacturing service for Italy's electronics industry.

As provided in the Terms and Conditions of Redemption Group No. 4, amounting to Dfls. 18,750,000.—, has been drawn for redemption on May 1, 1977 and consequently the Note which bears number 4 and all Notes bearing number which is 4 or a multiple of 4, are payable as from

May 1, 1977
at
Algemene Bank Nederland N.V.
in Amsterdam;
Algemene Bank Nederland (Genève) S.A.
in Geneva;
Algemene Bank Nederland in der Schweiz AG
in Zurich;
Kredietbank S.A. Luxembourgeoise
in Luxembourg.

61/4% Bearer Notes 1973 due 1977/198

As provided in the Terms and Conditions of Redemption Group No. 4, amounting to Dfls. 18,750,000.—, has been drawn for redemption on May 1, 1977 and consequently the Note which bears number 4 and all Notes bearing number which is 4 or a multiple of 4, are payable as from

March 10, 1977

at
Algemene Bank Nederland N.V.
in Amsterdam;
Algemene Bank Nederland (Genève) S.A.
in Geneva;
Algemene Bank Nederland in der Schweiz AG
in Zurich;
Kredietbank S.A. Luxembourgeoise
in Luxembourg.

March 10, 1977

at
Algemene Bank Nederland N.V.
in Amsterdam;

Algemene Bank Nederland (Genève) S.A.
in Geneva;

Algemene Bank Nederland in der Schweiz AG
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in Amsterdam;

Algemene Bank Nederland (Genève) S.A.
in

Case that needs serious answer

ANTHONY HARRIS

WHEN LEACOCK once wrote as £2bn. on top of the £1bn. in which an enthusiast on his horse and rider for the past year's inflation or deflation in all directions, and a regime of strict controls, had burst from the ridge. Economic Policy analysis has, in two respects, a body already regarded very different starting point, a hostile suspicion by most of most rivals.

First, the Cambridge group is much more pessimistic about the inflation outlook than most rivals. It argues the anomalies in the past two years are so large that we will probably need higher wage increases that would have been implemented without any restraint at all to get rid of the tension in the labour market in the space of highly charged parts, and risky risks dissipating its effects in attacking so many at once.

The review is overlooked on account, it will be more of a pity; for some of the arguments of Wynne and his group are both valid and generally misinterpreted to attack present policy. The International Monetary Fund, free monetarist school of economics, the planning of imports and exports, and even the foreign exchange market in the space of highly charged parts, and risky risks dissipating its effects in attacking so many at once.

The second and perhaps the more important novelty is that all the Cambridge recommendations are part of a strategy for enough growth to restore reasonably full employment by 1985—a task which all forecasters (including the OECD) last week now regard as very difficult.

Other analyses tend to aim for what they see as the best available trade-offs between, say, tax and interest rates, or export growth and the rate of inflation, and then forecast the outcome, which is in every case much less than the 5 per cent growth which the Cambridge group regards as essential.

Difference

The difference between Cambridge and, say, the OECD, is the difference between a forecast and a feasibility study. One tries to see where optimum conventional policies would lead; the other to devise new policies to achieve optimum objectives.

On fiscal and monetary policy, then, the Cambridge group is not really as far out of line as it may look.

It says that given its own gloomy assumptions about inflation and competitive performance, a very large stimulus would be needed to secure fast growth.

This would explicitly mean ignoring agreed limits for domestic credit expansion.

If the Treasury should answer that fast growth is simply not possible if inflation proves as bad as Cambridge expects and that in any case the domestic credit expansion agreement with the IMF is binding, it does not necessarily contradict the Cambridge analysis; it simply draws different conclusions.

When it comes to the best-known Cambridge line, the call for a tax cut of as much for import restrictions, there is

PROSPECTIVE PERFORMANCE OF THE ECONOMY UNDER DIFFERENT STRATEGIES

	Average earnings after tax £ as at 1975 per week	Increase in unemployment thousands	Income from consumer self-employed per year	Total fixed investment after tax £ as at 1975
1976	40.81	1,274	—	22.4
1981				19.6
Conventional policies	46.87	1,563	11.2	21.7
Devaluation	46.27	1,445	12.7	24.8
Restriction of imports	47.37	1,200	11.2	25.2
1985				
Conventional policies	52.38	1,939	9.8	24.0
Devaluation	52.97	851	13.7	24.9
Restriction of imports	53.88	800	8.5	33.3

again widespread misunderstanding. The Cambridge analysis really stands.

The Cambridge starting point looks at the choice between devaluation and restrictions on imports of manufactures. It is that we are stuck in a deep recession which will persist if imports that devolution would be stuck to "conventional" policies. This means that any deviation from the long run to higher output, higher investment and higher growth than import controls, but it argues that the cost of promoting growth, not to improve in terms of inflationary pressures, would be more than we would be willing to pay.

This assumption of spare capacity means that many of the objections usually raised are irrelevant. The "welfare cost" of offset inflation would simply set off a wage explosion. Experience gives this argument a deadly plausibility; and if we would be willing to pay.

The supposed "beggar-my-neighbour" aspect disappears if the alternative is an effective devaluation, or if it can be shown that British demand for imports would be higher with high growth, whether secured by controls or devaluation, than with no growth and no intervention. Cambridge. £3

THE THREATS TO LABOUR

Liberals may still aid Callaghan

BY RUPERT CORNWELL

FOR A PARTY which has always complained that the electoral system denies them a fair say at Westminster, the Liberals are not doing too badly.

As Mr. Callaghan desperately casts round for the outside support he needs to survive Wednesday's vote of confidence, an alliance with the 13 Liberal MPs offers the most reliable prospect of long-term security, to the crucial division Mr. Steel seems hell bent on forcing a General Election and possible catastrophe. Why?

It may be of course that he contemplates climbdown with honour at the 11th hour, agreeing to abstention by his troops in return for slightly less than east-iron assurances that his demands will be met.

The earlier terms were in some measure likely to be met: changes in the devolution Bill, reforms in the tax system, a more Liberal version of the Bullock report as the basis for industrial democracy legislation, and of course proportional representation for the promised direct elections to Europe, this last is something that the Government might well have resorted to by itself in any case.

Mr. Steel therefore has been obliged to make the Government pay more now for what might have been had more cheaply and quietly a little while ago.

He is cashing in on the attention he is suddenly getting. Liberal policies will have a better public airing in these three days than they might normally receive in three years.

The present crisis offers an answer to the deepest of Liberal difficulties, getting a clear idea of what the party stands for across to the general public.

In purely electoral terms, the party's position is perhaps less disastrous than often asserted. True, eight of its 13 MPs have majorities of less than 3,000.

Mr. Alan Beith, its Chief Whip, will defend Berwick, which he publicly nail his colours to the coalition mast. It is something that the Prime Minister will fight to the last to avoid, but the alternative might be a Tory Government.

Ulster Unionists, Page 10

Scottish Nationalists and

Made to pay

There are equally good grounds for supposing he means what he says. The Government's handling of the Liberals since devolution's demise has been the same as on the Bill itself, a mixture of shortsightedness and tactlessness.

If the Government did not change the "whole course of its policy" for its remaining period in office, the Liberals would vote with the Tories, he said yesterday. Socialism could go no further, and Mr. Callaghan would

make friendly noises in weakness in these days of re-

DINTMENTS

Lord Caldecote to L & G chairman

ANTHONY HARROLD, chairman of U.K. planning manager, will be AND GENERAL ASSOCIATE responsiblity, from April 1, for both planning and marketing services to, will retire at the annual functions under the title of U.K. on May 18. He will be succeeded by Vincenzo Caldecote, who joined the Board in 1974 and is now a member of the tanker broking team of HOWE MATHESON TANKERS from March 24. This is one of the ship broking companies associated with the Jardine Matheson group. Mr. Sprague was previously a tanker broker with H. E. Moss and Co.

* Mr. Peter Sprague is joining the Delta Metal Command, a director of Lloyds of Consolidated Gold Bond. The appointment as chairman of Legal and General is curative.

* Mr. H. K. Knighton has been appointed financial director of the BRITISH REINFORCED CONCRETE ENGINEERING COMPANY, part of the Hall Engineering (Holdings) Group, retaining his post as secretary.

* Mr. David Finlay-Marwell, chairman and managing director of Mr. R. Begle and Co., has been appointed chairman of John Crichton and Co. has joined the Board. Mr. J. E. S. Macmillan has resigned from the Textile Research Council. Mr. Finlay-Marwell has just completed a three-year term as chairman of the Wira Council and has been succeeded in that post by Mr. Roy V. Stroud, chairman and managing director of Stroud Riley and Co., and deputy chairman of Stroud Riley Drummond.

* D. T. Hall, a director of R. WRIGHTSON ASSURANCE CONSULTANTS has been managing director.

* BRITISH RAILWAYS BOARD has announced the appointment of Mr. Keith Taylor as chief mechanical and electrical engineer at Board headquarters. He succeeds Mr. Graham Calder, who is taking an early retirement to become traction director, Brush Electrical Machines, from April 24 in place of Mr. F. H. Beasant, who remains a director of that company with special responsibility for export sales.

* Mr. S. N. Dunn and Mr. A. F. Pearson have been appointed to the Board of DAVID AULD VALVES, formerly David Auld and Sons.

* Mr. George H. M. Gibb has been appointed to the Board of CROSSLEY BUILDING PRODUCTS as financial director.

* Mr. Nicholas A. C. Bell has been appointed financial controller at the corporate centre of Leyland, where since 1975 he has been controller, finance and systems for S.U. BUTTEC, the component division of Leyland Cars.

* Mr. J. H. Whiteley has been appointed deputy managing director of B. S. AND W. WHITELEY in charge of the company's plant at Pool-in-Wharfedale, Yorkshire. His previous responsibility for production has been taken over by Mr. A. C. Moseenden as works director.

* John Kirkwood has been appointed a local director of the district of BARCLAYS BANK.

* Ghazi A. Alawi has been appointed manager business development and Mr. A. D. D. manager medium-term of UBAF BANK.

* Colin Cripps has been appointed marketing director of RIDE AUTOMOTIVE LTD.

* Mr. Colin Owen-Brown has been appointed managing director of THE EVENING NEWS. Mr. A. T. Mr. R. W. Ireson, assistant manager, marketing with the Associated Newspaper Group.

* Mr. J. H. S. Edmonds has been appointed as a director of ANTHONY GIBBS SAGE.

Why do so many dream office blocks turn into nightmares?

Increased energy costs. That's the reason so many environmental dreams have turned into hair-raising problems for their owners.

That's the reason too why management of energy is more important today than it's ever been.

It's vital at the planning stage of any building to relate your energy mix to your capital costs, running costs and the design of the working environment.

Only by following these principles can you hope for long-term economy in your running costs.

Energy management principles have been proven

by the Electricity Supply Industry in its own buildings.

They've tested some interesting new techniques in building design and energy use, the most successful of which are already being applied in both public and private sector buildings.

There are facts, figures and case histories for the interested reader, plus a variety of booklets on integrated environmental design. All these are available from your Electricity Board.

So why not get in touch with them? Their feet are firmly on the ground.

PLAN ELECTRIC

The Electricity Council England and Wales

Building and Civil Engineering

£10m. offices award

TROLLOPE AND COLLS Praia Mole will serve the new Trelawny steel plant to be built nearby and will also be used for the import of coal for the Usiminas steel mill.

Another Norwest subsidiary, and all drainage. A pedestrian bridge is to be built across the flats in Liverpool and Bootle approach walkways within a The Liverpool project is for the wholly landscaped area.

Corporation and in Bootle, work is for the Pierhead (Mersey) Corporation and in Bootle, work is for the Pierhead (Mersey) Architects are Hugh Martin and Partners, quantity surveyors are W. A. Brown and Partners, and consulting engineers Jamie son Mackay and Partners.

Norwest also announced last week that F.C. Precast Concrete, another group company, is to supply and erect the frame for new psychiatric buildings in Blackpool for the North Western Regional Health Authority. The contract is worth £205,000.

Puts pipes on the line

ALL THE POSITION fixing and data collection work required for the "difficult end" of the 280-mile Far North Liquids and Gas System undersea pipeline is to be carried out by Hunting Surveys under a contract worth £1m. signed with Semac Services BV.

The information is needed for the new Semac 1 laybarge, which is a semi-submersible, and its attendant vessel, for the laying of the remaining portion of the line. Continuous position update is provided together with other related data requirements for pipe laying. But the operator is given a very large degree of latitude for ad hoc decisions on site and in a variety of conditions.

Hunting has already carried out an extensive work programme on the pipeline which will carry gas from the Shell-Essco Brent field to St. Fergus. The company carried out position fixing for the inshore section of the line in 1976.

Prevention of flooding

NORWEST CIVIL ENGINEERING, a subsidiary of Norwest Holst, has won a £1.33m. contract to build flooding relief brook and oil, and export berths for steel sections. At this stage it is expected that about 5m. tonnes of coal and 3.5m. tonnes of oil will be imported and 5m. tonnes of steel products exported annually.

£1m. marine berth in Australia

TAYLOR WOODROW INTERNATIONAL has been awarded a contract valued at about £1m. from the Commonwealth Department of Construction for a marine berthing facility at Stirling naval base, Garden Island, Western Australia.

The work involves a steel-piled jetty of 150 metres connected to the land by a piled approach trench 150 metres long.

An isolated mooring dolphin is to be constructed with access to it by a steel catwalk.

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Clydebank town centre project

ROADS AND CAR PARKS associated with the Clydebank Town Centre, currently under construction by Sir Robert McAlpine and Sons, are now also to be built by the company. The additional contract, awarded by Clydebank

Merthyr Tydfil. The contract District Council, is worth £1m. Bristol to assist in the design of the coal handling machinery. Work will begin in mid-April.

Over a main electrified railway

completion date.

Offices for cider-maker

A START is to be made in April on a £1m. headquarters in Hereford for cider-maker H. P. Bulmer.

The contract is being undertaken by Espley-Tyres and it is expected that the job will be completed in July next year.

Providing 55,000 square feet of two-storey building is to be erected in Plough Lane. It will have a central courtyard with a rock pool and trees.

Architects are The Waters Jamieson Partnership and the quantity surveyor is Francis C. Graves.

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£1m. coal plant

BOVIS CIVIL ENGINEERING has won a £1m. contract to design and build a coal crushing and screening plant at Cannock.

Awarded by the National Coal Board Open Cast Executive, the contract calls for the construction of a modern disposal point capable of handling 20,000 tons of coal a week at a peak rate of 500 tons an hour.

The plant will include primary and secondary crushers, screening and pumping equipment, conveyor belt and rail loading/storage bunkers.

Major advantages of this system which enables both concrete floors and walls to be joined together, are its versatility and labour saving possibilities. Dismantling, handling

Steel fabrication in the Gulf

AS PART OF Dubai's industrial development plans, the Ruler of Dubai and vice-president of the United Arab Emirates, Sheikh Rashid Bin Said Al Maktoum has approved the establishment of Cleveland Bridge and Engineers Middle East at Jebel Ali. This will be a joint venture between Cleveland Bridge and Abdul Wahab Galadari, a leading Dubai businessman.

The facility will be fully operational by September. It will incorporate the latest automated steelwork preparation plant and be equipped to handle beams from stockyard to finish painting through an automatic shot blast bridge, power station, offshore and paint spray line, followed by the venture.

The company will undertake to Raunds secondary school for the design, fabrication and erection of steelwork for residential, commercial and industrial buildings.

Other contracts are for motor

Variety of jobs in Midlands

WELL OVER £3m. worth of contracts have been won by Wincourt Galliard. The largest is worth over £2.2m. and is for housing for Milton Keynes Development Cor-

poration.

It is stated that a large stock

of steel sections and plates will

enable purpose-made structures

to be supplied in weeks rather

than months. With delivery delays

independent of shipping delays,

factory and offices at

£15,000 (£208,000),

Rugby for Duploomatic (£150,314)

fabricated during the first year as

an industrial unit at Longford,

which will represent Stage 1 of Coventry for Alliance Property Holdings (£208,054).

Extensions

for the Perry Barrion (£252,336).

THE COMPANY

will undertake to Raunds secondary school for

the design, fabrication and erec-

tion of steelwork for residential,

commercial and industrial build-

ings.

Essentially, says Cubitts, Supershifter removes the ser-

vices core on a multi-storey

building as the critical time fac-

tor in construction. It can be

adapted to most common lift

shaft sizes and can be used in

both single shaft and multi-shaft

structures. It can also be quickly

adjusted in situ to conform to

reduced wall thicknesses and

heights.

The second job is at RAF

Witisham. Here, the work

which will cost about £200,000,

includes the overslabbing of an

aircraft servicing platform and

taxis and resurfacing of

taxis.

One contract, at RAF Fairford,

Glos., is for regulating and com-

plete resurfacing of the main

runway together with the reju-

vening of a substantial section

of the taxiway. Valued at about

£1.2m., the contract includes

ancillary work on the airfield

lighting.

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includes the overslabbing of an

aircraft servicing platform and

taxis and resurfacing of

taxis.

Water will be supplied by

Grampian Regional Council from the fit

in the Shetland Islands

picked up by what is

Shetland ring main

water laying 34 km

pipes around the tow-

er.

Water will be supplied by

Grampian Regional Council has

awarded a £320,000 contract to

Mears Construction for the con-

struction of Kirkhill Reservoir

Dyce.

The 9,100 cubic metre reservoir

and associated pipework is

the fourth contract to be under-

taken by Mears in the Aberdeen

and Cormeran oilfields as well as

measuring systems for scheduled for completion in 65

weeks.

IN BRIEF

• A £100,000 order for structural

frames, cladding and doors has

been placed with Arctos (Scot-

land) by Cummins Engine Com-

pany.

• Two steel chimneys which will

carry cement kiln gases to

heights of more than 220 feet in

Nigeria, are to be supplied to

the Ashaka Cement Company by

Thompson Horsfall, the Dudley

(West Midlands) unit of Clarke

Chapman.

• Robert Watson and Co. (Con-

structional Engineers) of Bolton,

has been awarded a £250,000

contract by ICI Organics Division

for the fabrication and erection

of steelwork required for new

process buildings at Grange-

mouth.

• Biggs Wall & Co. has been

awarded a £300,000 contract by

Crawley Borough Council as

agent for the Thames Water

Authority for the construction of

a trunk foul sewer from Gatwick

to Three Bridges, Crawley.

• Because export orders are

booming for JCB hydraulic ex-

caitors, J. C. Bamford is having

types for sports halls

and private

two new buildings at its

development sites at Uttoxeter.

Its total sales value

is £1.5m. per annum.

Rocaster plant near Uttoxeter.

• One will be used for ex-

</

The Executive's and Office World

Tony France describes how a large company cut the cost of its internal communications

Price of information

COMMUNICATIONS within diverse organisations are becoming an increasing burden for management. This is particularly true when the organisation is composed of divisions, each of which has a considerable degree of autonomy. Left to its own devices, each division would produce media to its own 'communications'—the quality would depend on the skill of the individuals involved. The end products could be unco-ordinated, and in very expensive.

Peter Jewiss, until recently publicity manager at the headquarters of Union Carbide U.K. (a giant multinational), decided to try a co-ordinated approach. Four years ago he initiated a programme, which now proved successful in its effects on the businesses for which it was designed.

Campaign

Peter Jewiss (left), who devised the Compax communications package and David Lock, of Lock-Patterson, which produced it.



Leonard Barr

Peter Jewiss (left), who devised the Compax communications package and David Lock, of Lock-Patterson, which produced it.

Research and development took three years, and included control of the content standards, presentation and cost. Committees set up to investigate and items were produced in bulk to implement the programme, and made available from a central store using a reply paid post card.

Before general release, each division was tested at one of included posters on the specific needs of the divisions. Suggestions for hazard and its remedy (for example, wearing safety spectacles); stickers that could be placed on equipment (for example, "Remember to wear your helmet"), signs indicating a specific danger; newsletters which enabled the divisions to provide information relating to local problems, and promotional tea mugs carrying the slogan of the safety campaign.

Media used in the campaign was tested at one of the divisions. Suggestions for hazard and its remedy (for example, wearing safety spectacles); stickers that could be placed on equipment (for example, "Remember to wear your helmet"), signs indicating a specific danger; newsletters which enabled the divisions to provide information relating to local problems, and promotional tea mugs carrying the slogan of the safety campaign.

It was estimated that had it been possible to produce and administer five programmes simultaneously in all ten divisions, the cost would have been £100,000—a figure difficult to justify.

By using Compax, the five programmes cost £15,000.

Peter Jewiss is confident that linked the programme is applicable to any organisation appearance and message. The company's symbol, a hexagon, was incorporated in all the media, and used to enclose the symbol for each campaign.

The complete programme was introduced to the company a year ago, and a pack given to each divisional manager. Each pack contained samples of the promotional material from a central office, but which could easily be specific to each division of the company.

Five subjects to be covered were: safety; operation and control; reduction of Post Office costs; energy conservation; and good housekeeping.

With the aid of co-ordinators in each division, Jewiss devised a common items produced for the five campaigns, together with instructions on ordering and implementation.

This gave the divisions autonomy in the use of

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NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of April 15, 1971, under which the above described Debentures were issued, First National City Bank (now Citibank, N.A.) as Trustee has drawn by lot, for redemption on April 15, 1977, through the operation of the Sinking Fund provided for in the said Indenture, \$475,000 principal amount of Debentures of the said issue, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, of the following distinctive numbers:

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22	1731	2697	4161	5067	6838	7583	8641	9598	10632	11796	12811	14462	15800	16200	17388	18781
23	1609	2650	4257	5299	6404	7385	8568	9681	10711	11892	12811	14464	15394	16253	17743	18522
103	1884	2971	4314	5053	6534	7405	8281	9483	10724	12080	13442	14469	15370	17459	18538	19538
104	1903	2350	4258	5267	6487	7556	8745	9890	10787	12049	13514	14388	15047	17285	18507	19507
185	1917	2145	4403	5271	6532	7680	8755	9781	10782	12097	13457	14613	15440	16522	17900	19573
202	2048	2314	4240	5121	6252	7228	8248	9248	10248	11729	12959	13834	14707	15650	17584	19152
411	2065	3315	4445	5247	6525	7652	8841	9825	10825	12070	13525	14709	15605	16701	17990	19522
912	2158	3461	4465	5289	6572	7679	8771	9791	10782	12097	13457	14613	15440	16522	17900	19573
1114	2275	3403	4455	5247	6525	7652	8841	9825	10825	12070	13525	14709	15605	16701	17990	19522
1243	2311	3581	4485	5454	6862	8107	10085	11123	12479	13788	14858	15707	16904	18019	19522	19522
1250	2328	3425	4465	5247	6525	7652	8841	9825	10825	12070	13525	14709	15605	16701	17990	19522
1251	2327	3425	4465	5247	6525	7652	8841	9825	10825	12070	13525	14709	15605	16701	17990	19522
1354	2445	3715	4752	5617	6913	8101	9228	10208	11309	12575	13836	15098	16223	17223	18471	19500
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1426	2525	3745	4785	5625	6925	8103	9235	10227	11344	12508	13864	15098	16223	17223	18471	19500
1427	2525	3745	4785	5625	6925	8103	9235	10227	11344	12508	13864	15098	16223	17223	18471	19500
1428	2525	3745	4785	5625	6925	8103	9235	10227	11344	12508	13864	15098	16223	17223	18471	19500
1429	2525	3745	4785	5625	6925	8103	9235	10227	11344	12508	13864	15098	16223	17223	18471	19500
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FINANCIAL TIMES SURVEY

Monday March 21 1977

Opinionated

Custodian
of the
oil
weapon

Richard Johns,
the East Editor

EVER HAS Saudi Arabia been so conscious of its power. Since the oil crisis of 1973 it has emerged as a force of all proportion to its small, genous population and its ex-development. Having emerged from medieval purity over the past few years the Kingdom has now finally given notice that it needs to use more actively the Arab-Israeli peace, vague though it may be, must be seen as a possession of a quarter of OPEC's Communist oil reserves, which has always been about the improvement of members' status and an impressive sense of moral authority. In coming year, which attests to be a critical one for the future stability or otherwise of the Middle East, its influence could be a decisive one.

Saudi Arabia's defiant stand at the majority of OPEC members at last December's hierarchy conference could be remarks made in the immediate aftermath of the conference as a strong assertion of remains confused. Sheikh

The Kingdom had fought Ahmed Zaki Yamani, Minister

of an open breach with other

as it tried to moderate

more extreme demands for economic health were para-

doe increments and in the mount. Soon after, Crown

resort sought compromise. Prince Fahd, the First Deputy

Princely and psychologically, Prime Minister explained the

had always in the past Kingdom's position wholly in

years been recognised those terms. At the end of

's to the extent to which January, King Khalid described

Kingdom could defend the oil as an "economic and com-

interest of the global mercial problem" which should

omic well-being against the be kept out of politics. The

power one of the producers stern young Prince Saad bin

oha Saudi Arabia in effect Feisal Foreign Minister and

beyond the invisible son of the last King, has con-

by declaring that it would firm the pricing decision to

the dispute to the market have been linked to a solution

It remains to be seen of the "Arab-Israeli" problem,

er it can, even with the "We want to finish once and

it support and effective for all with this conflict."

ing of Indonesia, erode the The only differences are prob-

er cent set by the other able over what should be said

bear or forestall a further publicly. It, would be pre-

sent hike. Yet there can mature, anyway, for Saudi

a doubt of its sincerity. leaders who are both national asance at the prospect of a decree largely at the Shah of

With apparent deliberation and reasonable—to appraise the Left-wing victory and continued Iran's hehest in late 1973. Over Saudi Arabia has now formally result of the Conference on Egyptian-Syrian recriminations the past three years it has had introduced a new, imponderable element into the pricing debate operation and still less efforts fluct impossible. The develop by the new U.S. Administration by suggesting that its future moderation on oil will be to bring about a Middle East role in world affairs since King Dr. Henry Kissinger recognised

its well-timed and decisive can do because of the "balancing" by the act" which it necessarily had to more than attempting to put in persuasions of its purse—bring carry out in the Arab world. By debt the U.S. which is the one power able, in theory at that provided the framework for at Doha was indeed "courageous" because of Israel's financial cus and Cairo. The host was Kingdome is now a more dependence on it. Yet the believed to have been largely fident power.

Based on a concept evolved two years ago, the CIEC is a unique Saudi contribution to international diplomacy. It would be a mistake to dismiss the original idea which was readily adopted by OPEC as a whole, merely as a clever idea to disarm the criticism of the militant producers and avert covetous glances from the Third World at the Kingdom's own fabolous wealth. Until last autumn, at least, the Kingdom planned to relate its stand on oil prices to the dialogue before it decided a continued freeze would be best.

Much more serious is the growing urgency of its desire to see a solution to the Arab-Israeli dispute and take credit for a settlement. Silently, Saudi Arabia played its part in helping to bring about the second Sinai disengagement agreement between Egypt and Israel in September, 1975—although it never publicly approved the pact and was nearly persuaded by Syria that it was a mistake. Saudi Arabia's impatience grew last year over the seemingly interminable civil war in rises. Almost by default, it agreed to the massive escalation of the conflict.

With these considerations in mind the Kingdom would be extremely reluctant to apply its ultimate sanction. The underlying dilemma is most acute in dealing with the U.S. The super-power is not only the Western country with which it has the longest and closest association but also its main trading partner, provider of technology and supplier of arms. The inner tension in the relationship has been badly aggravated by moves in Congress such as draft legislation against the Arab boycott. It cannot have appreciated the restriction imposed for which the Government has

to reduce inflation and ease the pressures on limited infrastructure and services which had become almost intolerable by last summer, already the emphasis has switched from maximum to optimum absorption of revenue while there has been a re-ordering of priorities. Even at a reduced level rising prices ensure that a high proportion of projected expenditure (70 per cent in 1975-6) is made and also opportunities for citizens to enrich themselves abound.

Money-making frenzy is making Saudi Arabia look more and more like an acquisitive, even greedy, society and is such as to make an impertinent visitor wonder if the first principle of the plan — maintenance of the moral and religious values of Islam—is being jeopardised. To an extent the spread of wealth may work towards stability but its unequal distribution and the social strains

will not be reversed. However, created by it will not.

Settlement

Saudi Arabia does not want to be directly involved in formulating a settlement and would probably approve anything acceptable to the Arab parties directly involved, including the Palestinians. Very much less is heard these days about Jerusalem. The Kingdom appears to be disengaging itself from the hard commitment to the complete recovery from Jewish hands resulting from King Feisal's vow to pray at the Al-Aksa mosque before he died. The obsessive conviction about the integral relationship between Zionism and Communism has also undergone a sophisticated change. Now, the argument runs reasonably, it is the atheistic Marxist forces of evil which have most to profit from a prolongation of the Israeli dispute.

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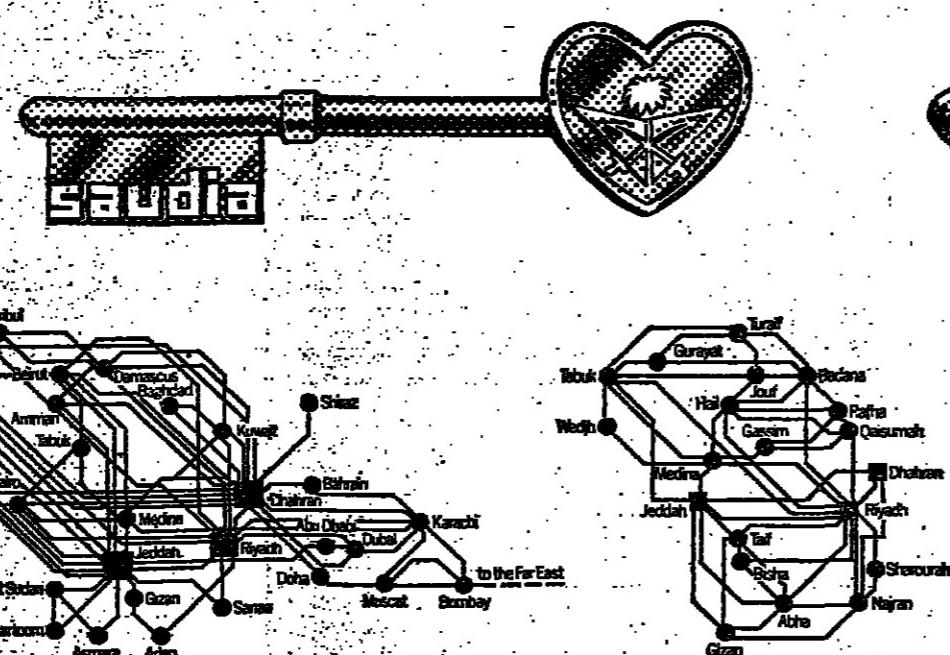
Wasting

Questioned about opposition in high places to the wasting of an irreplaceable resource in exchange for paper assets Sheikh Yamani felt forced to say that he only believed in raising output above the old 9.5m. barrels a day for "a lucrative political and economic price." As it is, current revenue requirements of \$50-60bn. The somewhat paranoic feeling of exploitation may lead many Saudis to ask whether they are receiving the assistance with the development of missiles last appealed.

Still hospitalised in London, where he has had two operations, King Khalid has received a steady stream of Saudi Ministers and dignitaries there over the past two months. Day-to-day direction of the nation's affairs has been in the hands of the formidable Crown Prince Fahd, whose branch of the family includes his full brother Prince Sultan, the Minister of Defence, and other prominent figures. He is the heir-presumptive, and, as Head of State, would be more of a chief executive in the manner of the late King Feisal.

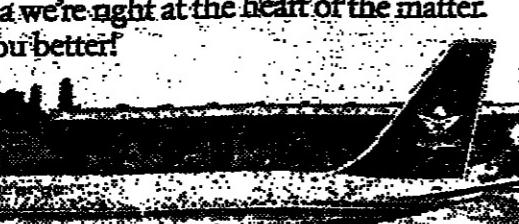
The commitment to developing fully the country's potential will not be reversed. However, created by it will not.

Saudia. Key to the heart of the Middle East.



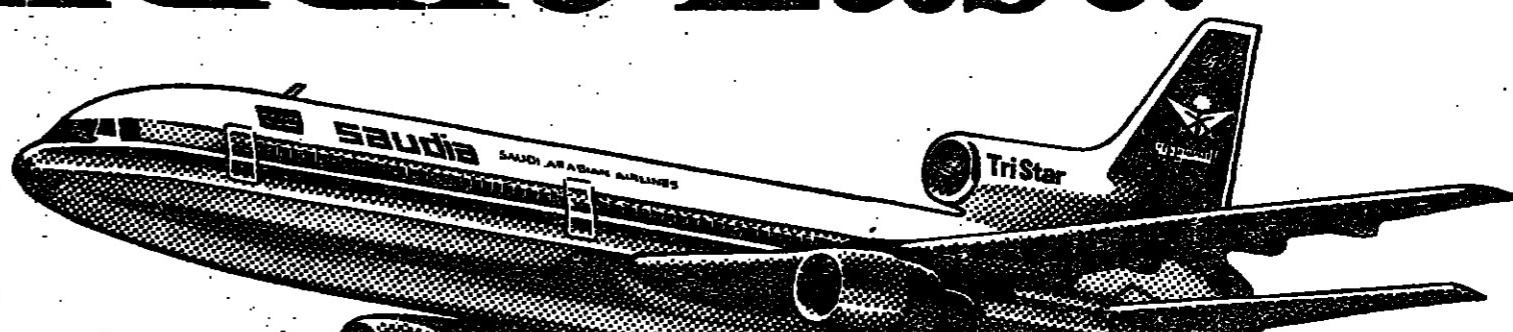
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FLIGHT NO.(SV)	SV178		SV172		SV172		SV176		SV172		
AIRCRAFT	L1011		L1011		L1011		L1011		L1011		
LONDON	d 18.00		11.05		11.05		12.05		13.05		
JEDDAH	a 04.10		21.45		21.40		21.45		20.15		
		23.30		23.30		23.30		22.50		20.15	
RIYADH	a 00.50		00.50		00.50		00.50		00.40		
DAHRAH	a 00.50		00.50		00.50		22.35		02.00		
							00.50		00.50		
							21.40				

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SAUDI ARABIA II

Its sudden increase in wealth from its oil resources in 1973-74 gave Saudi Arabia substantially increased weight in the region—a bonus it is becoming very adept at handling.

Regional power

IN SEPTEMBER 1972, Saudi Arabia permitted Libya to supply through the port of Jeddah 32 Saladin armoured cars and a quantity of small arms to Aden exiles living in North Yemen. Later Saudi Arabia stood aside while Libya went ahead with a series of initiatives to reconcile the two Yemens and so prevent escalation of the border war between the two countries which both Libya and Saudi Arabia had encouraged. Although this incident happened less than five years ago, such a situation would be inconceivable now. Saudi Arabia is the uncontested power in the Arabian Peninsula and a major force in the wider Middle East context.

It is all too easy to forget just how rapidly Saudi Arabia's regional role has evolved. To take another example, Iran in November 1971 occupied the islands of the Tums and Abu Musa in the Gulf. The British were pulling out of the Gulf and Saudi Arabia still lacked the stature to make Iran take any notice of its opposition. Yet it is interesting to speculate, with the Kingdom having now largely filled the vacuum left by the British withdrawal from the Arabian Peninsula, whether such action by Iran to-day would be possible. The answer is probably no—and primarily because Saudi Arabia, though itself not possessing the islands, has sufficient diplomatic weight to prevent such an initiative.

Foresight

One might also add that few foresaw five years ago when the UAE was set up that the region would acquire such an appearance of stability, or that Saudi power and influence would increase so dramatically. Even though its population is a tenth of either of the two major regional powers—Egypt and Iran—its massive wealth and geographical size have given Saudi a predominant role which, only since the death of King Faisal in 1975, it is beginning to fill in a substantial way.

The biggest test of Saudi's regional power has been its role in the Lebanon civil war. Traditionally the Saudis have found themselves trying to balance between the orbits of Egypt and Syria in their relations with the Arab world. With Syria and Egypt pursuing opposite policies, though not necessarily opposing aims in Lebanon, Saudi Arabia at first was extremely cautious about intervening to try and end the murderous conflict. But by the end of last June Saudi patience had worn thin. The Saudis are believed to have told the Syrians they would cut off all financial aid. The PLO was told to stop fighting or risk losing Saudi support; and the Egyptians were told their feud with Syria was counter-productive and that they too risked incurring displeasure.

This ultimatum produced the Riyadh summit and a slightly bemused outside world suddenly found all the major forces in the Middle East committed to end the 18-month-old Lebanese civil war. Without such an ultimatum there would have been no real pressures to prevent the conflict dragging on. As it was, an Arab League force was approved and the fighting gradually stopped in Lebanon.

The Saudi move was part of a broader strategy designed to pull the confrontation States closer together to negotiate a Middle East peace settlement. They appeared to realise that only Saudi Arabia could be the catalyst in patching up the feud between Egypt and Syria over the former's agreement to a limited Israeli pullback from the Canal in 1973.

The role was there, but the Saudis had been reluctant to play it. This can be partially explained by a reluctance to be seen to be interfering in the affairs of others. But it is also the result of the Saudi approach to policy. It is probably wrong to assume that Saudi regional policy is based on elaborate strategic thinking—rather it is based on a series of intricate interlocking relationships between leading members of the Saudi royal family with neighbouring ruling families and leaders.

Formulation of policy appears to be the result of an amalgam of personalities. For instance, the apparent "fist-and-glove" approach to the People's Democratic Republic of the

Yemen over the past few years is thought to have reflected differences of emphasis in approach between Prince Sufian bin Abd al-Aziz, Minister of Defence, and Crown Prince Fahd, the Crown Prince who is his full brother. Saudi foreign policy emerges probably from a compendium of views which would include also those of King Khalid, Prince Saad bin Faisal, Foreign Minister, and Mr Kamal Adham, the powerful advisor (a brother-in-law of the late King Faisal). In a diplomatic role the Kingdom can also use orthodox conduits such as the Saudi-born businessman Mr. Chisnán Shaker, who has been a key figure in relations with Oman.

This preference for dealing

with individuals has encouraged a "bilateral" approach. Saudi Arabia has been distinctly cool towards the idea of a Gulf security pact promoted by Iran and Iraq—the one aiming to keep the U.S. out of the area, the other to keep out the Soviets. Even though Saudi Arabia subscribes to the overall Iranian concept of wanting to ensure the Gulf is free of big power rivalry, it does not see the need for a formalised pact which could involve commitments.

Without a Saudi lead on this issue, none of the other States in the Peninsula will act alone. This was clear at the inconclusive meeting of Gulf Foreign Ministers in Muscat last November. As it is, emphasis

or forget the Buraimi Oasis its disapproval of the experiments which a dispute of 1955. King Feisal refused to recognise the United Arab Emirates, established in 1971, until the summer of 1974. At another level, Saudi Arabia renounced its suzerainty acts as a means to claims to Buraimi, but in effecting, not always return acquired a corridor to the shores of the coast between Abu Dhabi States. This is high and Qatar as well as recognition of the case regarding a of its claim to a slice of disputed oil-bearing territory in OPEC meeting in December. Qatar failed to implement in a

Egypt's restriction national access to a border patrols and recently arrested some workers of the Bengal Development Company who were building the connecting road between the UAE and Qatar. The Saudis also succeeded in upsetting Oman by failing to include Sultan Qaboos in the original discussions on the Oasis to which Oman also had a claim.

Saudi power and influence is exercised discreetly. Behind the scenes pressure from Saudi Arabia does not weight around. Saudi Arabia is widely believed to have been a factor behind the full potential of its abrupt termination of the power. Even so, the region's only experiments in evidence suggests limited democracy of the Saudis are being made political process in Bahrain in asserting themselves and Kuwait—although there is no proof that their expansion was growth. Other Arab leadership is said to have shown

Robert

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J. V. P. T. S.

Improving its ability to protect itself is high on Saudi Arabia's list of spending priorities. The US has taken the major role in equipping and training the Saudi forces, but European countries, including Britain, are still getting a fair slice of the Kingdom's defence expenditure cake.

Defence and security

MONG THE guiding principles the Yemen, Saudi Arabia felt in particular it is doubtful whether Saudi Arabia could enter into combat for some years without expatriate advisors performing at least a support role. At the same time military development has been a somewhat haphazard affair. There must be doubts as to how well co-ordinated the various supply programmes involving the U.S., Britain and France have been.

Against this it must be said that Prince Sultan bin Abdul-Aziz, Minister of Defence and Civil Aviation, is a shrewd man, well versed in military affairs, who has not been foisted by high-pressure Western salesmanship of either a political or commercial nature. He will have been a restraining influence on wilder ideas.

The fiscal constraint is the least one to worry the planners. More important is the availability of scarce human resources. The conventional armed forces number 50-60,000 men and the National Guard another 20,000. In addition, another 6,000 to 7,000 are believed to be enrolled in the para-military Frontier Force and Coastguard.

Difficult though it is to envisage the circumstances which Saudi Arabia might have to protect by military means its vulnerable and perhaps indefensible oil fields; its military programme is a modest one if judged by the criteria of the country's status and prestige as the world's leading oil power. As the leading donor of aid to the confrontation States the Kingdom has signified its physical solidarity with them by posting brigades to Syria and Jordan. Its response to pan-Arab responsibilities is shown by the presence of a battalion in the Lebanese "deterrent force".

Yet in some vital respects

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the Kingdom's development, vulnerable from another direction and internal security—President Nasser of Egypt rated in the preamble to the As a result the concentration of second Plan as second after the the air defence system, underintendence of Islamic moral taken by the U.K. before the d religious values. The June War was concentrated towards the north-west of the coast from the budget for the country and along the Red Sea great financial year. The

fence appropriation accounts nearly 38 per cent of total projected expenditure in 1976 quite apart from provisions

for the police force and internal security services, which fall under the Ministry of Interior's

control. The \$10.36bn. allocation is 38 per cent more than the one for previous year and must see Saudi Arabia in the top ranks globally in terms of per capita military spending. Iran, for instance, with a population six times as big and much greater power, has budgeted less than \$8bn. under its heading for its new financial year which is just begin-

Protection

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war was still going on in reach beyond actual potential.

Training and maintenance over a five-year period. (Unlike the other American defence agreements the Raytheon one differs in that it is on government-contractor basis). Deliveries began last autumn but this month the deal came under fire again from the pro-Israeli lobby which has a superior performance and is easier to operate. But having committed itself to the FSE programme the Kingdom appears to have decided that its air force will have sufficient aircraft of this generation. Last year the U.S. Defence Department advised that the F-14 and F-15 were too sophisticated for Saudi Arabia to contemplate yet. As a result of Congressional pressure, meanwhile, the order for Maverick air-to-ground missiles was cut from 1,500 to 650 and Sidewinder air-to-air missiles from 2,000 to 850.

The value of the work is expected to be in the £700m. £1bn. range, depending on what is included. One hope is that the U.K. will be invited to assist with the setting up and running of the new King Feisal Air Academy. Beyond the scope of this deal, BAC and Rolls-Royce (1971) have been discussing a project with an estimated cost of £1bn. in which the Saudis are said to be keenly interested, for the maintenance and overhaul of aircraft engines and the provision of training for Saudis in these skills. Indeed, major orders worth \$5bn. or more may be currently open for competition.

As it is, however, the U.K.-installed air defence system has been effectively replaced by an American one designed by Lockheed. The U.S. also appears to have cornered the market for strike aircraft, with the Northrop Corporation earlier awarded this year a \$1.5bn. support services and training contract for the 110 F5E fighters previously ordered.

Saudi Arabia's first modern air defence system was set up under the £120m. contract signed in 1967 by the U.K. consortium composed of Airwork Services, the British Aircraft Corporation and Associated Electrical Industries. Following Saudi complaints about the management of the contract it was superseded in 1973 by a new \$250m. deal on a government-to-government basis with BAC as the main contractor responsible for training and maintenance as well as certain infrastructure development and other services including the operation of hospitals, but not the provision of new hardware.

About 2,000 men (fitters, engineers, instructors, administrators and medical staff) are engaged on the various projects in Riyadh, Dahrani, Jeddah, Khamsi Mushayt, Tabuk and Taif. The two squadrons of Lightnings ordered in 1967 remain Saudi Arabia's full complement of interceptors, while thousands recruited, specially from the services for the job. For the Army the main programme is the mechanisation of undertakes construction work, further extension of the ex-

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Six stages in a Saudi Arabian achievement

J.P. Smith Esq.

1 On February 22nd, 1976, National Chemical Industries Ltd. was invited to enter into competition with 41 other companies for the construction of 154 schools throughout Saudi Arabia. Each company was required to submit its own complete proposal, covering every stage from design to erection, with a submission deadline date of April 10th. Conceived as the mainspring of the Second Five Year Plan, this massive building development would provide classrooms for about 105,000 students.

Two weeks after the deadline, the number of competing companies had been narrowed to a short-list of fourteen. On June 2nd, contracts were signed covering twenty-three schools to NCI, the highest number allotted to any single company, and the only contract awarded to a Saudi manufacturer.

Now, in March 1977, NCI has completed its contracts and handed the schools over to the Ministry of Education.

The Government's original aim was to satisfy urgent need for additional school facilities, if necessary by importing temporary buildings. However, NCI schools are permanent structures. They have been designed to the highest aesthetic, functional and safety standards. They have been built largely from steel, reinforced concrete and reinforced polyester cladding manufactured in Saudi Arabia by the NCI Group, and completed, on time, at highly competitive prices.

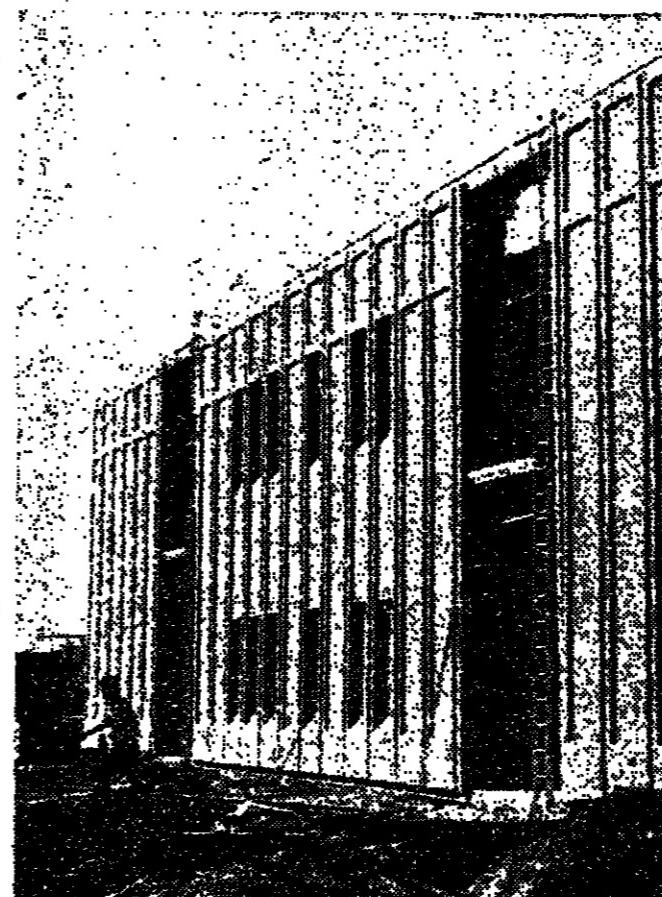
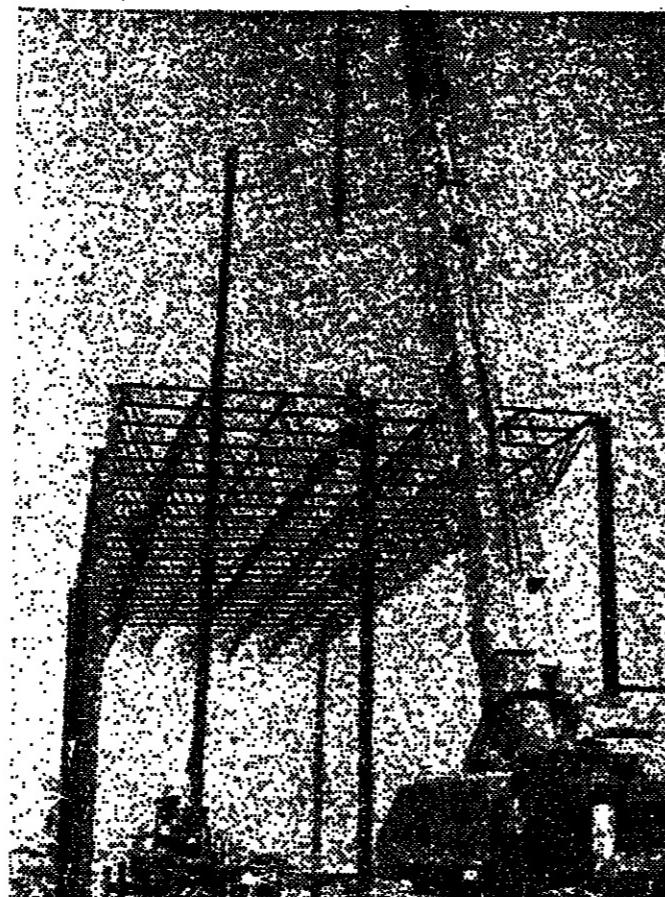
2 The Kingdom of Saudi Arabia is bisected by the Tropic of Cancer and suffers from harsh climatic conditions. From the beginning, NCI were aware that a successful school building programme must take full account of these conditions. As for this reason that they turned to the Canadian partnership, PGL Architects. Internationally renowned for the Mirabel Passenger Terminal at Montreal Airport and the Quebec Pavilion at Montreal's 'Expo '67', PGL also pioneered the development of largely prefabricated structures for schools and scientific laboratories in the Arctic Circle. They are no strangers to the particular design problems posed by extreme weather in very isolated construction sites, which proved to be valuable experience in both the Arctic and the deserts.

PGL's design for the NCI schools called for concrete foundations and steel columns supporting light steel space-frames forming the first floor and roof. The exterior walls would consist of prefabricated panels of glass-reinforced polyester, 'GRP', specially designed to take advantage of the interesting shadows cast by a bright overhead sun. Careful thought was given to the use of colour and form as a means of monising the schools with existing buildings in a desert environment. The design was extremely flexible, the architects ensured that the completed structure would be highly resilient, well insulated, durable and economical to maintain - a vital requirement in Saudi Arabia.

3 Perhaps the single most distinctive feature of an NCI school is the extensive use of a structural steel system designed by the British company Space Decks Limited. The Space Deck System is now generally recognised as a world leader in its field, and most truly original concepts, simplicity is the key to popularity.

The basic unit consists of eight steel members, designed to form a rigid inverted pyramid. These pyramids can be bolted together at the construction site and hoisted into position without the use of skilled labour, to provide large areas of clear-span load-bearing floors, as well as flat or cambered roofing.

NCI is Space Decks' largest customer, and the controlling shareholder in Beyer Peacock, the light engineering group which includes Space Decks. To meet the demands of the Schools Programme, NCI took over 60% of Space Decks' production capacity in 1976. The raw materials, in the form of angular and circular steel bars, bosses and tie rods, were produced at the company's headquarters in Chard, Somerset,



4 All the exterior wall sections of the NCI schools were fabricated by NCI's GRP factory in Jeddah, employing 200 men. The Company devotes considerable energy to a development programme which adds continuously to the range of its products moulded from glass-reinforced polyester and other polymers.

As a first stage in the Schools Programme, master moulds for all the wall panels required were hand-made in wood by NCI craftsmen. From these, a series of GRP moulds were fashioned, which when used to maximum capacity, could produce enough panels for two two-storey, twenty-four classroom schools. All in all, over 7,000 GRP panels were produced. The constituent resin was chemically pigmented so there was no need for further painting, and all panels were individually checked before despatch to the twenty-three different sites.

5 In order to guarantee the efficient and fast delivery of a staggering 50,000 tons of imported materials for the Schools Programme, the Company adopted a policy of direct control over its transport facilities, backed by the experience of established transport companies.

P&O Special Projects Division was hired to handle all imports from Western Europe and the United States using roll-on/roll-off vessels. Meanwhile, NCI faced the challenge of covering twenty-three sites in a

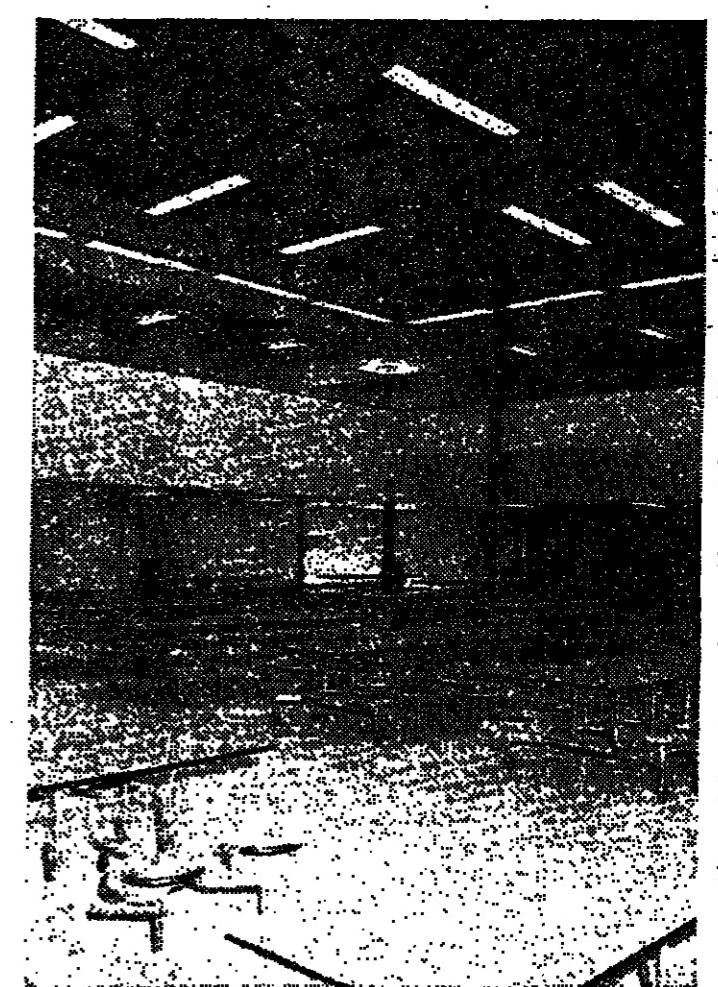
country roughly the size of Western Europe with a fleet of trucks over fifty strong, based 26 kilometres from Jeddah on the highway to Mecca.

Over the last year transportation played a large part in ensuring that all deadlines were met throughout the school-building programme. This is a considerable achievement by any standards, especially in view of the problems of port congestion in Jeddah which have only recently been overcome.

6 The success of NCI's school-building programme rested on the Company's ability to marshal its own resources and those of PGL Architects and P&O.

The construction of 115,000 square metres of school facilities within the contract period called for all necessary components for a complete building system to be manufactured at the NCI factories in Jeddah.

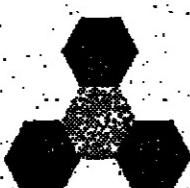
Though pre-engineered, it must be emphasised that each school is a permanent structure. The external GRP cladding panels provide good weather resistance and excellent insulation due to their sandwich construction. The internal walls and partitions consist of gypsum boards attached to a metal stud system, and are insulated for sound between classrooms and corridors with fibre wool.



Each building is centrally air-conditioned, a considerable advantage over simpler prefabricated structures. The school is a self-contained unit with its own complete infrastructure, including independent power, water and sewerage systems, and provides either eighteen or twenty-four classrooms for 576 and 768 children respectively. A large central dining area caters for all students in two sittings, and provides a free midday meal from food prepared on the premises. Apart from the classrooms, each school contains administrative facilities, a headmaster's office and two staff common rooms, as well as a spacious library.

Outside, a unique feature of NCI's schools is the large play area protected from the sun by a Space Deck canopy supported 8 metres (26 feet) above ground on steel columns. Planned as a multi-purpose volleyball, basketball and general recreation area, the dimensions of the canopy are identical to those of the main school building, so the canopy could easily be used as the shell of a future extension if the Government wished to expand the facilities.

NCI has tackled the challenge of one of Saudi Arabia's most intensive building programmes to date. At the beginning of the new school year, over 15,000 children will begin their education in NCI-built schools. Due to the tremendous priority given to educational development by the Saudi Arabian Government, it is no exaggeration to say that these children will now have a standard of educational facilities comparable to the most advanced schools in the world's leading industrial nations.



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SAUDI ARABIA VII

J.P. Kinstle

Prices of tenders for contracts have been the target for much criticism in Saudi Arabia recently. The country still operates fixed priced contracts, but there are signs of a new measure of flexibility to take account of rising costs of labour and materials.

Contracts

SAUDI ARABIA'S curt and the companies' a lesson—and angry rejection last month of "infated" bids by Western firms. The bitterness can be seen from and Japanese companies for his allegations of their greed power projects at least released and cheating through collusion. Some of the pent-up resentment There has also been genuine belief which has accumulated over the past year within the Government. Ministers and officials and the bids: Estimates drawn up by the consultants had already been revised upwards to take account of inflation. As it was, the lowest bid, by the Japanese, was about twice as much and the highest, by the consortium including GEC of the U.K., four times as much. "We are not expecting companies to come here and lose money, but we are asking them to be fair on profit margins," explains Dr. Bashir. However, the key question must relate to the extent of—and justification for—allowance made by foreign contractors to cover themselves against the risks arising from rough and inflexible contract terms, unforeseen eventualities and uncertainty about future rates of inflation.

Allowance

Saudi Arabia remains wedded to fixed price contracts, even if a small measure of flexibility has been shown since the middle of last summer. For instance, some allowance was made to take account of rising costs of labour and materials in the \$944m. contract won by Hyundai, the South Korean company. The Belgian consortium led by Eurosystem Hospitalier was also granted an escalation clause based on certain indexation, making it possible for the price of its project for the building of hospitals and ancillary facilities to increase from \$730m. to about \$900m. over the 4½-year implementation. But fixed-price contracts remain the general rule.

Conceptually, the Saudi Gov-

Dr. Feisal Bashir, acting Deputy Minister of Planning, summed up his thoughts on the affair: "It is difficult enough to

measure with any accuracy past inflation, which in the past

newcomers, who as a result

are hard to formulate anyway because of the lack of reliable indices, and which, it fears, would give an open-ended licence to contractors to raise the cost of projects. Apart from the big developments in the hydrocarbon field, where the actual cost escalation must have come as a shock to the Saudis, there has been an absolute reluctance to contemplate cost-plus contracts which would give companies a guaranteed return for their work. Administratively, anyway, the Government is not geared up for the accounting exercise involved in such a system.

Saudi contracts contain harsh penalty clauses but do not contain any allowance for force majeure or recognise the possibility that delays can occur for reasons beyond the control of the contractor. Almost invariably no provision is made for independent arbitration in accordance with the formula recommended by the Federation Internationale des Ingénieurs Conseil. This means that disputes would be normally referred to the Grievances Court, which has a reputation for finding the foreigner to be in the wrong.

Companies also face the possibility of changes in specifications which many contracts give the ministry concerned the right to make without any mention of compensation. They can lead to arguments and delays—thus increasing the possibility of penalty clauses being invoked. Bureaucratic indecision or inefficiency can result in hold-ups in execution. At the same time delays in progress payments, which are normally supposed to be paid each month, are a perennial hazard causing difficulties with cash-flow and the incurring of unplanned interest charges.

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three years probably amounted to 30-40 per cent for the construction industry rather than the lower figures estimated by the Government. Calculating it three or four years ahead is an altogether more intractable task, although it should now be somewhat easier.

Accuracy

Theoretically, at least, contractors should be much better able to assess labour costs with much greater accuracy because they are obliged to import the men required for the project being undertaken. However, they say that despite such manpower being indentured, wage rates will still in practice have to be adjusted to going rates paid locally. Again, successful bidders for jobs worth \$100,000 or more are required to provide housing which they need and must now be in a better position to estimate its cost, especially now that the soaring price of real estate and housing has evened off or fallen.

Port congestion has been eased and, although it could become worse again, can hardly be as acute again as it was at the turn of 1975-76. Similarly, the cost of building materials, in which the Kingdom is building up a significant domestic capacity, should be much more stable.

Nevertheless, faced with the uncertainties, some contractors bidding for projects have allowed for an inflation rate of no less than 50 per cent annually and—in the light of the last few years' experience—have taken too pessimistic a view.

Sheikh Hisham Nazer, Minister of Planning, accuses Mr. Adnan Khassoggi from Northrop for facilitating the supply of F5 fighter-bombers. The statement issued by the Council of Ministers following last month's decision on the power contracts implied that new regulations

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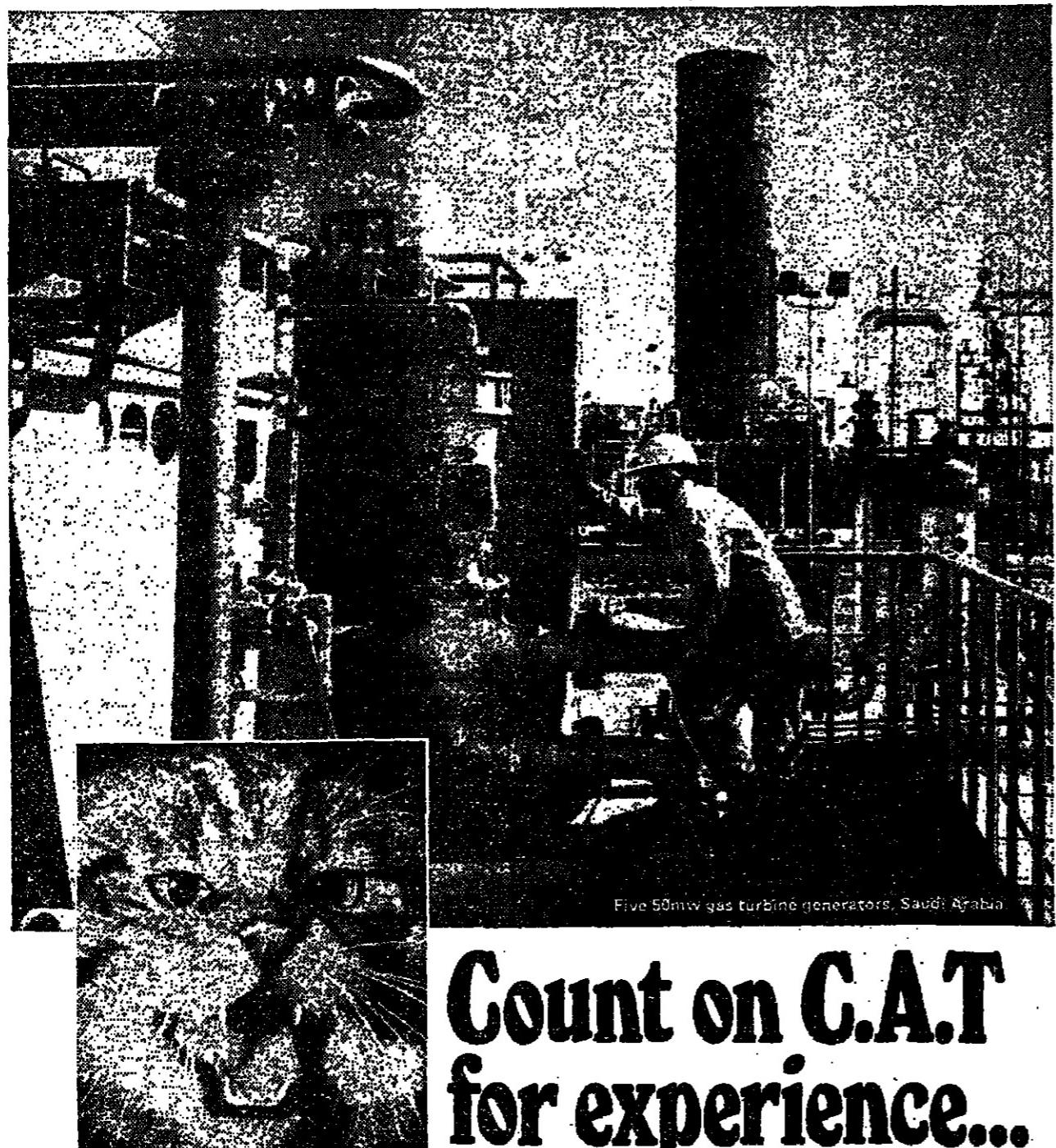
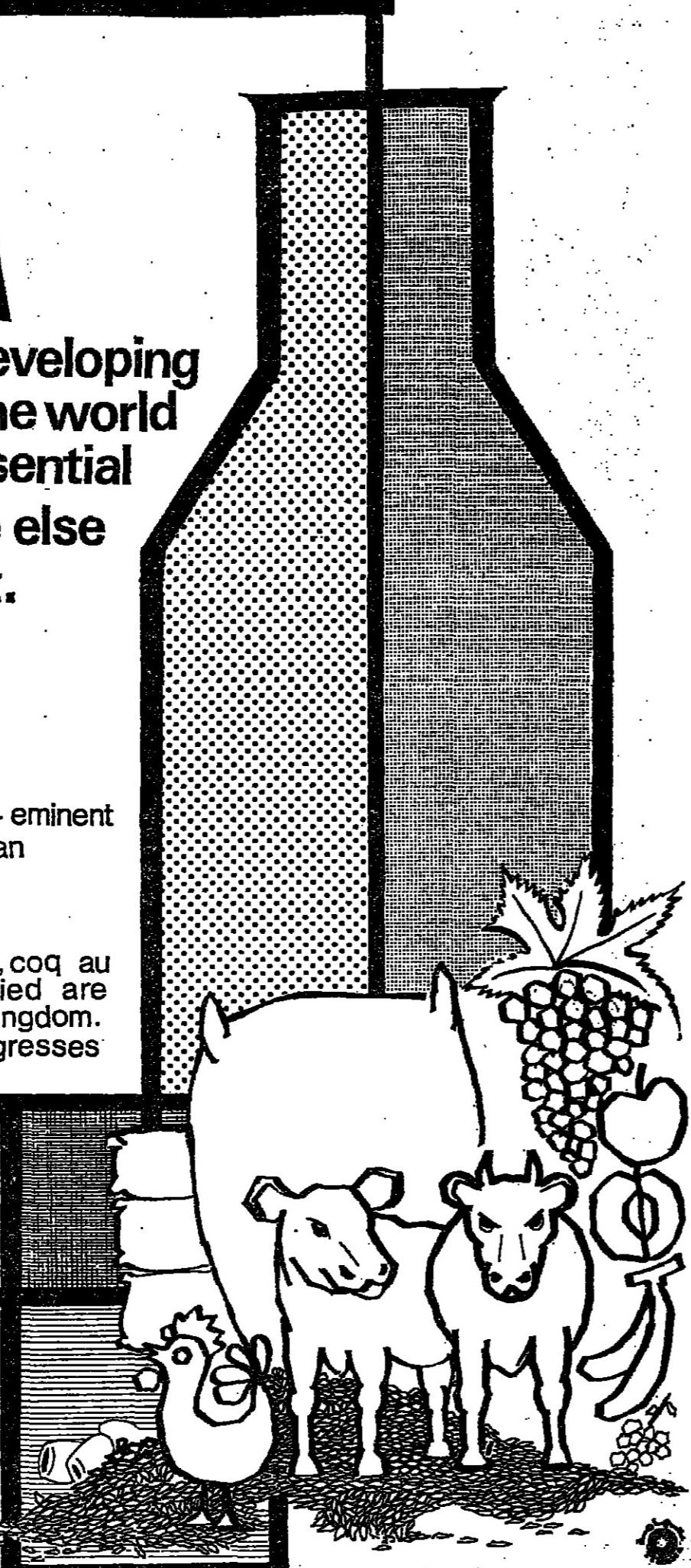
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SAUDI ARABIA VIII

As befits one of the great nations of Islam, the home of the holy cities of Mecca and Medina, Saudi Arabia is an exemplar to the faithful in its strict religious observance and generosity to its fellow Muslims. On these two pages JAMES BEDORE, of the Institute of International Affairs, reviews the political, economic and social structure.

Pillar of Islam

SAUDI ARABIANS believe that members of the royal family religion is the great barrier an "unjust" decision as a decided in the early 1960s that preventing 50 per cent of the available Saudi labour force King had to be deposed if available. Saudi labour force (acting in his role of Imam) transmitted through the angel Gabriel to the Prophet Mohammed. It is a highly spared financial ruin and continued incept government. Crown Prince Feisal refused to depose 27,000 of them were working in his brother and assume the throne until twelve of the most distinguished members of the Ulema issued a formal legal decision condoning the change of adult age, the Plan estimates that owners can go to mosque and pray; a rather than a written tradition, may not work in public places or strikes but failure to provide sufficient government office personnel able to quick decisions when a problem arises or when some control of the religious Ulema is slow down of major business, rather than the Ministry of Education. Curricula tend to emphasize religious values and when all are fasting from the "proper" role of women and drink during day, ironies abound. Women are hours, and the diet now permitted to study to business and economics particularly on the West, medicine at the University of Riyadh (eventually to treat women patients) but are not permitted in the same room. Perhaps the greatest limiting development, however, is the fatalist view of life permeates Saudi society result directly to the religious view that everything is literally in the hands of God. The telephone works, the plane flies or the sick baby dies only "if it is the will of God" (*in sha Allah*).

Thus Saudi Arabia is by far the most conservative and orthodox of all Arab or Islamic States. The only truly comprehensive, codified and generally accepted law in force is the Sharia (religious) code, meaning the "path to God." Only very recently has it begun to be supplemented by decree law, based on decrees of the King to regulate problems not remotely dealt with by Sharia law, for example, assigning frequencies for radio and television broadcasting. While the absolutist nature of Sharia law served a useful purpose in halting the anarchy that characterised 7th-century Arabia, the conflicts that arise from a 10th-century law code governing a society of 1,000 years later are immense. They cause considerable strain on a nation that has been generally sheltered from outside influences for centuries.

Authority

The King has all executive authority and fulfils three different roles. The first two, "Sheikh of Sheikhs" and "Imam," are traditional ones that permit him to function as leader of all Bedouin tribes and as religious leader. He thus becomes the court of last resort for matters both temporal and spiritual. The two positions impose duties which if the King fails to fulfil can bring his downfall; such duties include maintaining virtues such as courage and generosity, enforcing Sharia law and spreading the faith. The last places considerable pressures on any Saudi monarch not to be seen to be "giving in" on issues concerning the Israeli-Palestinian conflict. The question of who governs the city of Jerusalem (containing the third holiest shrine in Islam), for example, is a direct challenge to the King's role as Imam and a possible threat to his position.

The third role of "King" (Malik) is the much more modern, a civil one created when Abd al-Aziz unified the Kingdom in 1926. All the roles of a modern government leader are placed upon the monarch, including those of Chief of State and Commander-in-Chief of the Armed Forces. In this role he appoints a Council of Ministers (Cabinet) to assist him in governing the nation. The Council has so far been heavily loaded with royal brothers and other princes.

The Council's decisions take the form of recommendations to the King, who issues them as decrees. Decree law has not been codified, however, and there is no unitary judicial system to enforce it as there is with Sharia law. It is thus administrative law open to endless delay and varying interpretation in different parts of the country.

While the formation of a "consultative assembly" to bring younger, non-royal citizens of the Kingdom into the decision-making process was announced by Prince Fahd in 1975, nothing has since been implemented. This may be due in part from pressure exerted by both certain sections of the royal family and the Ulema, the chief religious leaders who serve as the link between the King (as Imam) and the people. They are charged with maintaining the purity of the faith and enforcing observation of the Sharia law. They tend to act as a conservative force on the Council of Ministers' attempts to modernise the Kingdom.

Their many marriage connections with the royal family, plus their religious role, give the Ulema great influence, one that would tend to lessen if younger and non-royal citizens were brought into the process. The political power of the Ulema was demonstrated when

the importance of the Ulema may be in decline, however, due to their reticence in finding or sanctioning interpretations of Sharia law that resolve the conflicts the modernisation process is imposing on increasing numbers of Saudis.

Religion also gives the King important advantages in dealing with other nations. The two greatest shrines of Islam are in Mecca and Medina, the birth and burial places of the Prophet. Every Moslem must, if physically and financially able, make a pilgrimage to Mecca at least once in his lifetime. As the King of Saudi Arabia exerts considerable moral influence over the large numbers of nations that have predominantly Moslem populations.

Political leaders of these countries frequently pause when in the area to pray at the Great Mosque in Mecca; the King naturally meets them, thus spreading his name, picture and views on front pages of newspapers and on television screens around the world. This moral leadership, coupled with Saudi Arabia's immense financial largesse to poorer Islamic States, and its previous relative non-involvement in the hotbed world of Middle East politics, has enabled it to exert great influence over present Arab leaders. There is a clear attempt just now to create the atmosphere on the Arab side whereby the Israeli-Palestinian question might be finally settled. It also permits a certain leverage when the King, dom finds its views in conflict with allies—for example, the December 1976 OPEC 5 per cent vs. 10 per cent price rise decision.

Lack of manpower is one of the great deterrents to the Saudi attempt to modernise. The need to import half a million non-Saudis to help implement the \$142bn Five-Year Development Plan is likewise one of the greatest threats to the Saudi way of life—outside influences in such huge numbers naturally tend to bring rapid social change.

It is ironic, therefore, that right of any person to appeal to the law, thus have to be tried, always with a degree of risk, the courts may strike down anything smacking of usury. The new Islamic Development Bank, for example, headquartered in Jeddah and capitalised in great part with Saudi money, is to be run on Sharia law principles. The Director of the Bank has announced, however, that only perhaps 20 per cent of its business will be in "interest-free" loans. The remainder will likely be in the form of "free" or "limited" partnerships. If a lender becomes a partner, he or it can legitimately, under Sharia law, accept part of the profits of the enterprise!

Such machinations within business life in the Kingdom are common and are exacerbated by the lack of corporate law code. Attempts to form such a code have so far failed.

Other religious factors affecting business life include the picture because partly legitimate, under Sharia law, pay those able to help jump the queue to the bottleneck.

The pace of Saudi economic life has changed dramatically. The problem of reconciling most Saudis believe religious traditions with modernisation process is attitudinal change, at the top. Years.

The arts generally have retarded by the Saudi v of Islam arising partly from injunctions of the Koran. A human imagery in any form is still paint or ornament. Archaeology has suffered as it was thought any items produced before founding of Islam could little interest or worth.

All this is changing but a continuous battle. Just the telephone (not very years ago) was originally considered by some to be invention of the devil until it was proved it could not be used. The words of the Koran, radio, and television (including images of the human form) have now won their into Saudi life; they are having a huge impact on society.

Public cinemas are banned but Saudi, the Government airline, began showing films on its international flights in 1976. At least one cinema is already being constructed in Jeddah, in anticipation of great efforts in education. Ninety per cent of Saudi women remain illiterate and there are presently real problems in public places of entertainment. Educated men finding themselves "outgrowing" an arranged marriage to an uneducated partner. Educated Saudi men contain more private film rooms than ever before. They are likely to be considerable profits from such initiative.

CONTINUED ON NEXT PAGE

SAUDI ARABIA X

At King Faisal's Specialist Hospital we are partners in quality health care.

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A serious attempt is being made to meet Saudi Arabia's stated oil production target of 16m. barrels a day by 1982. In addition huge new reserves are still being discovered.

SINCE LAST December's OPEC meeting in Doha and the beginning of the two tier oil price regime, the Saudis have injected into their programme for expanding their oil producing capacity a note of real determination. It is this, rather than an actual increase in output during the first two months of the year or any upwards revision of official capacity targets, that has been the principal effect of the Doha split on oil operations within the Kingdom.

It seems that the Arabian-American oil company (Aramco) has been told to de-bottleneck its systems and to ensure that installed production capacity really does reach the 16m. barrels a day target level sometime between 1978 and 1982 as planned.

The new emphasis in Saudi policy has led to an intensification of the already frenetic activity at Aramco, which apart from having to install capacity which will make Saudi Arabia potentially the world's biggest oil producer, is at present building the world's biggest water injection system and supervising the installation of a unified electric grid in the Eastern Province and a gas-gathering system which has become famous as the biggest project ever undertaken anywhere.

The sheer scale of operations in the Eastern Province at present is quite staggering — and will become more impressive still over the next three or four years as more projects move from design engineering to the construction stage. Some sort of impression of the work involved can be gathered from the fact that in this year alone Aramco will be expanding its own workforce, engaged only on the production, capacity and water injection operations, from 21,000 to 25,000, while the contractors building the gas project will eventually be employing a workforce of 30,000.

The 16m. b/d capacity target has now been stated Government policy for about 18 months — and whatever other figures have been discussed either recently or before the Doha meeting, this figure is the only one which Aramco has been given

as a target to work towards. At present the capacity actually installed in hardware terms amounts to some 11.5m. b/d — a figure which should have risen to 11.8m. b/d by the end of May — and the company should have the personnel and have worked out the management systems required to sustain production at this rate by the end of the year.

By the time the 16m. b/d target is reached, Aramco should have the systems and personnel to sustain production at 13m. b/d. But if at any time thereafter the company was called upon to boost output to the maximum level for which there was the physical capacity, it is estimated that it would take at least a year for it to complete the operation.

As to the proportions in which the various Saudi crudes will be mixed in the increment, there is at present some speculation, with the Saudis declining to make any official statements on the matter.

Whether the Saudis have concluded a number of big third party sales agreements which 260,000 b/d, was recently signed cause production to be extended for two years to bring jump is not known for certain, it into line with the 1978 contract and it is anyway equally possible that the Government held back from making third year renewals at the beginning of last party sales for the time being.

In the knowledge that an expansion of production may be more effective as a threat than something that has already come into operation. The production increase weapon is one of those devices which can lose its effectiveness once it has been used.

If the Saudi Government decides to increase production it 6.3bn. barrels of the Partitioned Zone and probable reserves of American partners in Aramco, 177.5m. barrels. The Government for practical purposes now operates just as if its 100 per cent takeover by the Saudi Government had been completed, will not be absorbing the extra oil into their integrated systems after paying their usual concessions price. Rather it is understood that in 1977 Aramco should get more or less the amount of crude that were planned for it before Doha, while the incremental crude will be disposed of among three different parties. Part may go to individual Aramco shareholders paying virtually certain, to be recovered with development drilling in parts of fields which are not yet producing.

What is not in dispute is that Aramco, has proved the existence of new reserves that are greater in volume than the oil it has produced. In 1976, according to the Aramco reserves figures, net additions (after extractions) were 2.5bn. barrels proven and 1.7bn. barrels probable. The increase in the proven figure was accounted for largely by the proving up of existing finds, while part of the increase in the probable figure came about through new discoveries.

In 1976 Aramco found three new fields: Hasbah 30 kms south-east of Marjan offshore, Sharar 10 kms east of Munifa and Suban 100 kms south east of Rumailah, which together these three fields are unknown, and may well be covered by Aramco to 30%. In future there are bound to be further discoveries, made partly by the re-injection of its wells which is curried into the north third of the Ghawar and the Abqaiq, Berri and, on occasion scale, Khursan. Other pressure tanks now being

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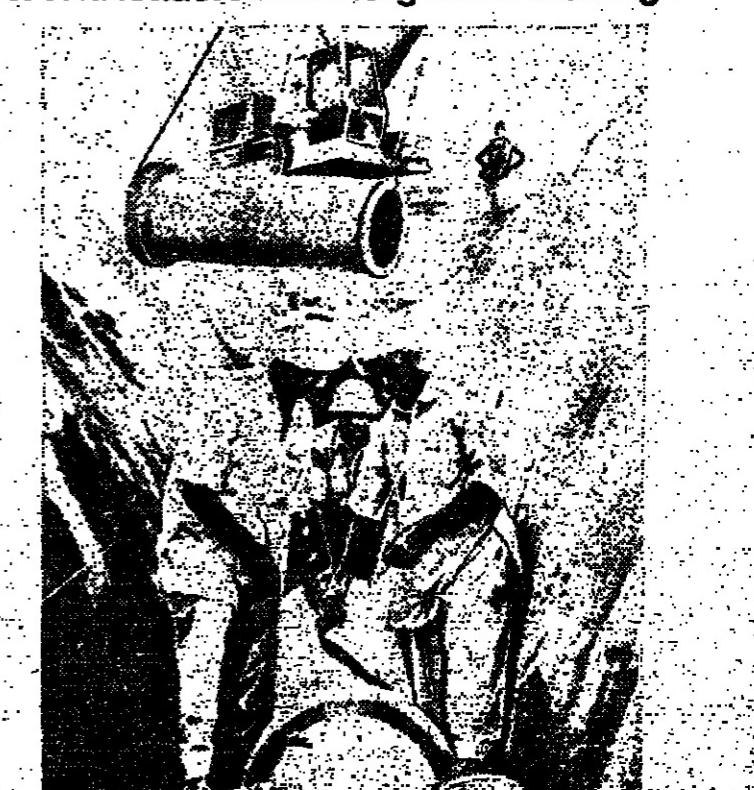
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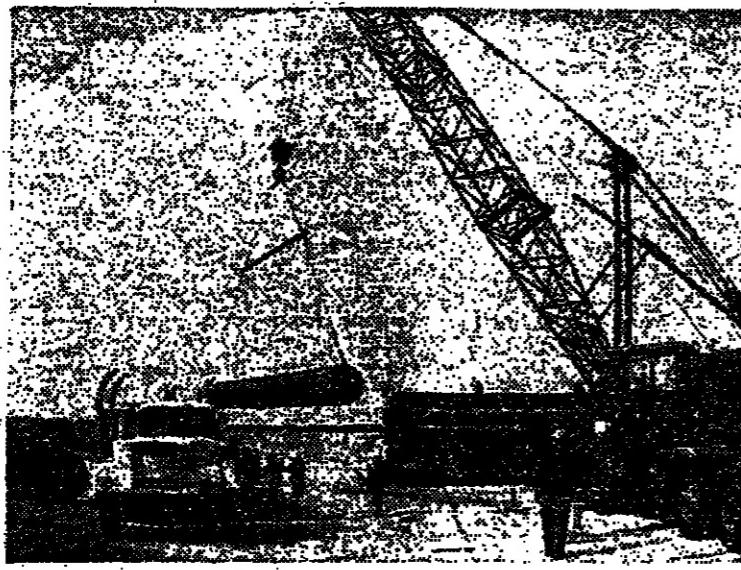
Saudi Arabia wants to keep oil price rises in perspective.

Why?

In the last three decades or so of this century, there are few other subjects besides oil which are likely to have more importance and more impact on the day-to-day lives of ordinary citizens around the world.

Since the events of 1973, the complex problems of energy - both its price and availability - have been constantly in the public gaze. And, as the recent OPEC talks highlighted, these problems are inescapably linked to oil policy decisions taken by Saudi Arabia.

So why then is Saudi Arabia now anxious to keep oil price rises to what might be regarded a more reasonable level?



Any government whose income is largely derived from a depletable natural resource is faced with the necessity to equate the present with the future. In Saudi Arabia's case income used by the present generation is, by its nature, denied to future generations - which is why the use of oil as a base for the economic development of our country has been at the core of Saudi Arabian international policy for some time.

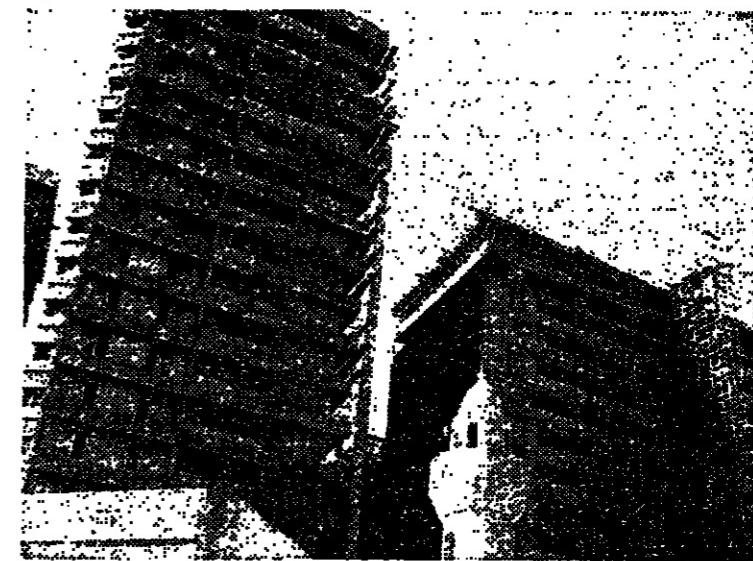
But our development also relies to a great extent on the economic well-being of the West as a whole. So we are the first to recognise that inordinate increases in the price of oil could have an adverse effect and could harm the West's economic recovery - which Saudi Arabia regards as essential in maintaining an equitable balance between oil producers and oil consumers. While we consider some increase in oil prices as fair and reasonable, we have no desire to disrupt the international economic system or, indeed, to price oil out of its markets.

Dearer oil can and does have a detrimental and direct effect on our own economy besides the more obvious benefit of increasing Saudi Arabia's income. It is a major ingredient in fuelling inflation in the oil consuming countries; inflation which is then exported back to Saudi Arabia in the form of higher prices and costs for the goods, technology and services which we buy from the West.

It can also have a debilitating effect on our own financial resources. For a long time, Saudi Arabia has been producing far more oil than we need to meet immediate expenditures. As a result, large cash surpluses have been created which have to be invested abroad - where they are exposed to this same inflation and unfavourable exchange rates.

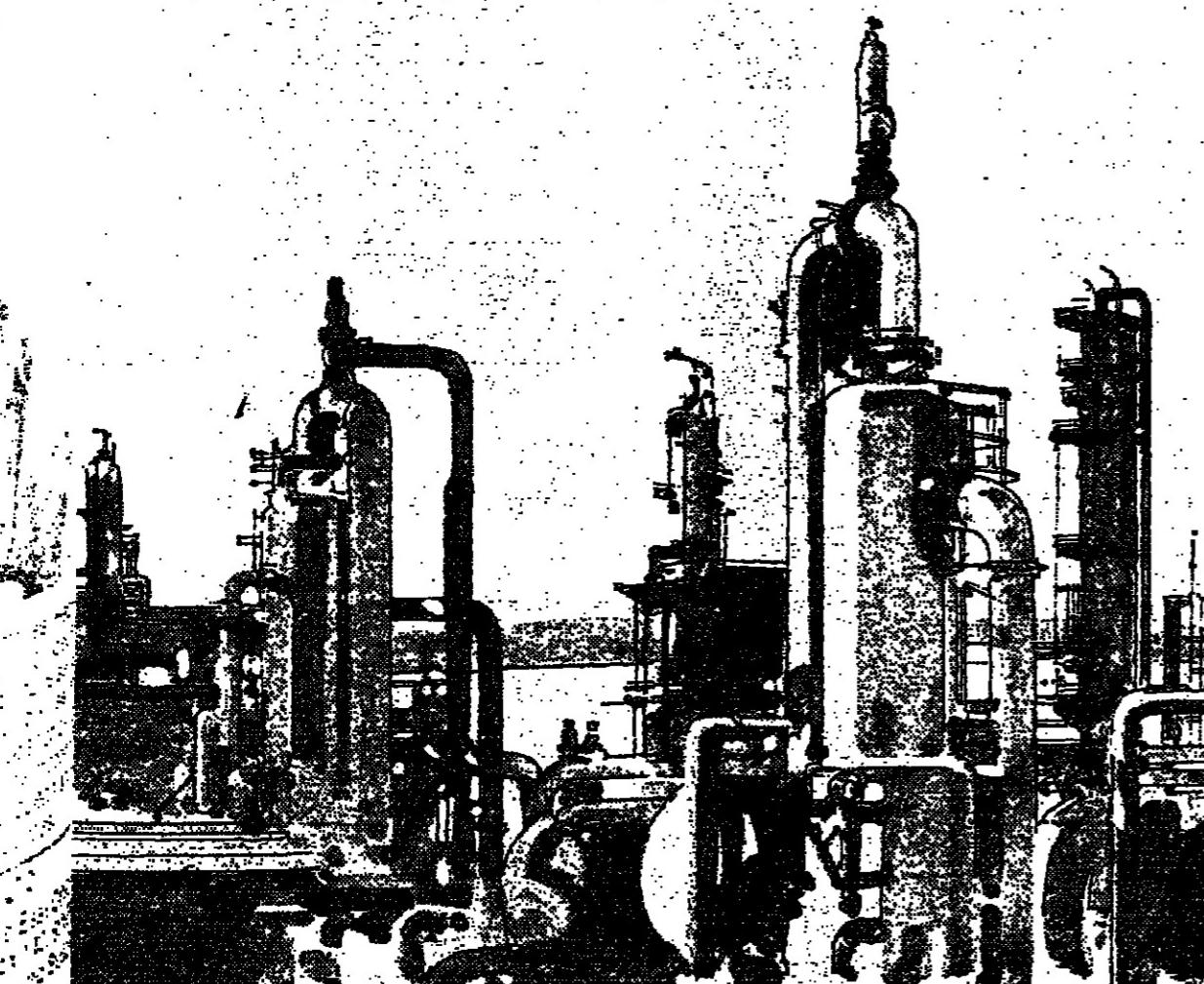
Most important of all, a stable international economic system is vital to Saudi Arabia's programme for industrialisation, the only long-term answer to the inevitable depletion of our natural resources, by moving our economy away from its exclusive dependence on oil into other fields of economic activity.

In return for a rational and sensible oil policy, Saudi Arabia wants the industrialised nations to provide a real transfer of technology which will be the central plank of our future growth. Not that we expect - or even wish - such a change to happen overnight. We are all too aware that too rapid a development programme could endanger the social and cultural system which we value very highly. There is a thin dividing line between creation and destruction, and we are determined to maintain the desired balance.



We therefore have our own clearly-defined economic goals; the oil consuming nations have theirs. What Saudi Arabia has done - and will continue to do - is to recognise the dependent links between the two, and to consequently strive to ensure that decisions taken on one side do not adversely affect the other.

In short, your development is our development. It is in all our interests to see that we progress together.



SAUDI ARABIA XII

Growth of trade with the Middle East following the oil crisis has created major opportunities for shipping services, especially the more sophisticated forms of freight transport like roll-on, roll-off.

Shipping

ONLY 75 years ago the basis of the cargo liner services to the Gulf, which started in 1892, was coal. That was the year the late Mr. Frank C. Strick loaded a collier in South Wales and moved coal to the Gulf ports so that the small vessels trading up from Bombay did not need to bunker at Bombay for the round voyage.

To-day bunkers no longer pose any problem—except their cost—and more than 100 shipping companies are involved in services to and from the Gulf. The influx of new services to the area in the past two years should level-off by the end of the year and in 1978 the shipping industry will begin to feel the effect of Saudi Arabia's inability to absorb any further growth in imports.

At present, however, the effects of the huge increase in oil revenues in the past year are still to be seen in the wide variety of cargoes moving into the area in containers, on pallets, on chassis or in the simplest form of break-bulk.

The Middle East generally remains the centre of attraction as far as roll-on, roll-off ship "Smit Enterprise." The U.K. elements are concerned and the loading of the barge with a mix of trailers and containers is at ultimate development in this of Ramsgate and the loading and discharge time at Ramsgate into service of the 22,852 d.w.t. "Seaspeed Arabia" built in Jeddah will be 48 hours. Transit Japan for regular service between that country and Saudi Arabia (Damman) as well as Dubai and Bandar Shapour. The new 22-knot vessel does the round trip Japan-Middle East-Japan in 35 days compared with the 70 days of a conventional ship—and this timing includes loading and discharging.

Most of the ro-ro vessels serving Saudi Arabia are in the 4,000-10,000 d.w.t. category and the freight rates reflect the cost of utilising these small speci-

munity there is a special situation of expansion quality that stands out among the others and that is the shipping facilities offered in the unique bond of brotherhood past few weeks.

The P & O Strath-Ellerman bond can be seen in the ambition group has added a Tilbury (London) container call to their towed triple deck barge which can carry 266 trailer-mounted containers (each trailer 12 metres in length) with their own back yard.

Just over one year ago the Gulf States formed the United Arab Shipping Company with a capital of approximately \$1.695bn. and it is estimated that by 1985 the Arab fleet will have grown from the present figure of 800,000 tons deadweight to nearly 7,000,000 tons deadweight.

Anxious

The growth of the Arab merchant fleet is another factor to be considered when forecasting the shipping requirements in the area and international ship-owners are anxious that the Arab participation will not be inextricably coupled with restrictive trading developments.

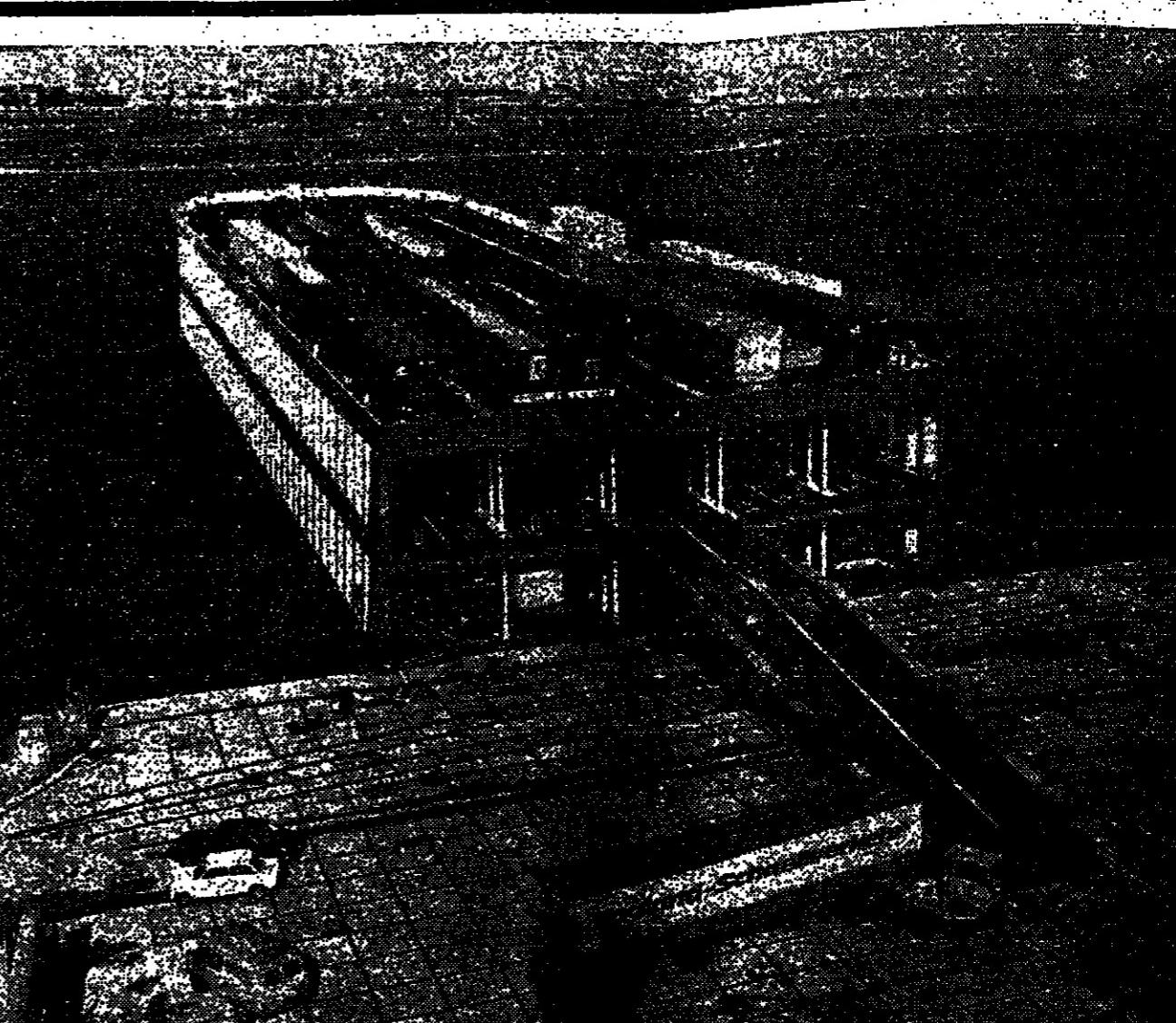
Currently, vessels in the fleet of the United Arab Shipping Company (UASC) serve the Far East, the North Continent, the Indian Ocean and the Mediterranean. The UASC is a new growing force in world shipping and with the re-opening of the Suez Canal it will have a substantial impact on the amount of cargo carried by non-Arab lines.

The tug barge system has many attractions including the lower first cost of such an arrangement. The operating costs are also lower than with a conventional vessel of the same either outward or inward carrying capacity. A typical voyage through transit delivery on a bill of lading from most shipping companies the long-term points of origin in Europe to destinations in Saudi Arabia is approximately 17 days.

For the larger non-Arab ship-through bill of lading from most shipping companies the long-term opportunities to provide service to destinations in Saudi Arabia will continue to exist providing there is the necessary degree of co-operation. At present the container service and the

operation to the ports of Saudi Arabia is reflected in the container services introduced by the Recon Line (Brostroms) and Medtainer Line. Moreover, both the NSU Group (Holland) and DDG "Hans" (W. Germany) have ordered large ro-ro vessels for services to the area.

Recently, Seatrain Inc., the USA started a Rotterdam-Gulf



A three-deck barge being loaded at Marseilles, can carry 266 trailer-mounted containers, is towed through the Mediterranean for discharge at Yanbu.

Russian-owned Baltic Atlantic Line of unconventional designs break/bulk service between Gulf and at least 15 other lines are non-conference service from New Orleans to the ships. For their U.K. and Red Hamburg and Bremen. To serve Saudi Arabian Middle East Line (CAMEL) was inaugurated with calls at Rotterdam on average every 28 days. This service now includes Hamburg as a second loading port. Felixstowe is the loading port in the U.K. for the CAMEL service.

Early in 1976 the Cunard Arabian Middle East Line (CAMEL) was inaugurated with calls at Rotterdam on average every 28 days. This service now includes Hamburg as a second loading port. Felixstowe is the loading port in the U.K. for the CAMEL service.

At present the service is provided by the 6,500 d.w.t. Strider-class "Jedda Crown" to be joined very soon by the "Aqua Crown" and then by the "Saudi Crown" in mid-summer. More than 3,000 containers have been carried in the first nine months of the CAMEL service and cargo has included high quality cars, foodstuffs, cement and dismantled houses.

The company is a wholly owned subsidiary of Cunard. A month ago Ellerman City Liners ordered two 4,300 d.w.t. mini-container ships in the U.K. with the possibility of a further four vessels for the company's U.K.-Europe-Mediterranean Middle East service.

Growing interest by Western shipping companies in the operation to the ports of Saudi Arabia is reflected in the container services introduced by the Recon Line (Brostroms) and Medtainer Line. Moreover, both the NSU Group (Holland) and DDG "Hans" (W. Germany) have ordered large ro-ro vessels for services to the area.

Recently, Seatrain Inc., the USA started a Rotterdam-Gulf

line and the reduced but nonetheless existing port congestion.

Although in the short-term Eurabian will be outside the raise Peninsula (NCP) has the value of exports to and

U.K. Arabian and Iranian Port placed third vessel in the sea imports from Middle East and steel structures and

them on the shores of Saudi Arabia.

NCP now has three ro-ro ships land, Malaysia, Philippines and

offshore of Saudi Arabia.

Break bulk cargoes continue shipping in the area and it is advantage there is scope for

One of the features of ship-ping developments in the Gulf

Gulf ports and the Azam Line than 20 lines out of Singapore

services has been the introduction of complete container

from A to B and the movement of complete pieces

by sea is becoming more common.

W. D.

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Juffali is the largest Group of Industrial and Commercial Companies in Saudi Arabia. The operating units of the "Juffali Group" consist of some 25 subsidiaries, affiliates or fully decentralized branches covering all main regions of Saudi Arabia.

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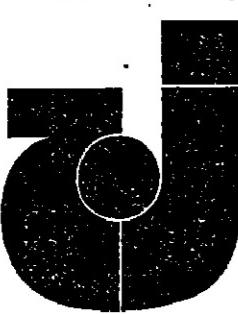
into a leading position in the Saudi Arabian market. The Company's list of exclusive trading franchises or agencies for the Kingdom of Saudi Arabia includes among others Bosch, Barber-Greene, Brown Boveri, Butler International, Clark, Compair, Daimler-Benz, GM Diesel, IBM, Kelvinator, Massey Ferguson, Michelin, Hawker-Siddley (Diesel), Siemens, Sulzer, Volks-wagen, York, Heidelberg, Linotype and Worthington. The Juffali Group has entered into joint ventures with leading international firms to form the following companies: Fluor Arabia for construction management in the oil and process industry; Arabian Petroleum Services Company (PETROSERV); Semco Arabia for electrical installations and maintenance projects; Pool



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Challal Juffali

SAUDI ARABIA XIV

Despite accommodation problems foreign expertise is pouring into Saudi Arabia on short-term contracts. Life is boring, most have to leave their family at home but high wages and no taxation are the attraction.

JO AND BILL usually spend their evenings lying on the beds in the small room which they share, desultorily reading a paperback or a three-day-old newspaper, or listening to the cassette player. Their temporary home in Saudi Arabia is a prefab on a construction site on the edge of the desert. Outside there is sand and building rubble; inside they share a mess with a dozen other men, skilled labourers out on short-term contracts from England. They work long hours but are happy to do so, since it relieves the boredom of life in the camp. After three months they have home leave and a fare paid back to England. Their wages are about twice as high as in England and there is no taxation. They and most of their mates plan to return for a few more tours of duty in the desert.

Typical

They are typical of a new kind of British expatriate who has appeared in Saudi Arabia in increasing numbers over the past year; that is, the unaccompanied skilled worker. Employers have found increasing difficulties in transporting families to Saudi Arabia where housing is difficult to come by and where many wives are soon asking to be sent home again. They have outed for the "bachelor" worker who is kept happy by generous amounts of home leave, in inverse proportion to the comforts provided for him. A man with a good *ret to himself* may have leave once a year; those sharing with two or three others go every six to eight months; those living under more spartan desert conditions more frequently still. The trend has been reinforced by the recent ruling that contractors should provide accommodation for their own workers.

In the past, Western expatriates usually expected to bring their families with them, and many still do. The strain on a man alone in Saudi Arabia is considerable for there are few leisure activities available to

the evening lying on the beds in the small room which they share, desultorily reading a paperback or a three-day-old newspaper, or listening to the cassette player. Their temporary home in Saudi Arabia is a prefab on a construction site on the edge of the desert. Outside there is sand and building rubble; inside they share a mess with a dozen other men, skilled labourers out on short-term contracts from England. They work long hours but are happy to do so, since it relieves the boredom of life in the camp. After three months they have home leave and a fare paid back to England. Their wages are about twice as high as in England and there is no taxation. They and most of their mates plan to return for a few more tours of duty in the desert.

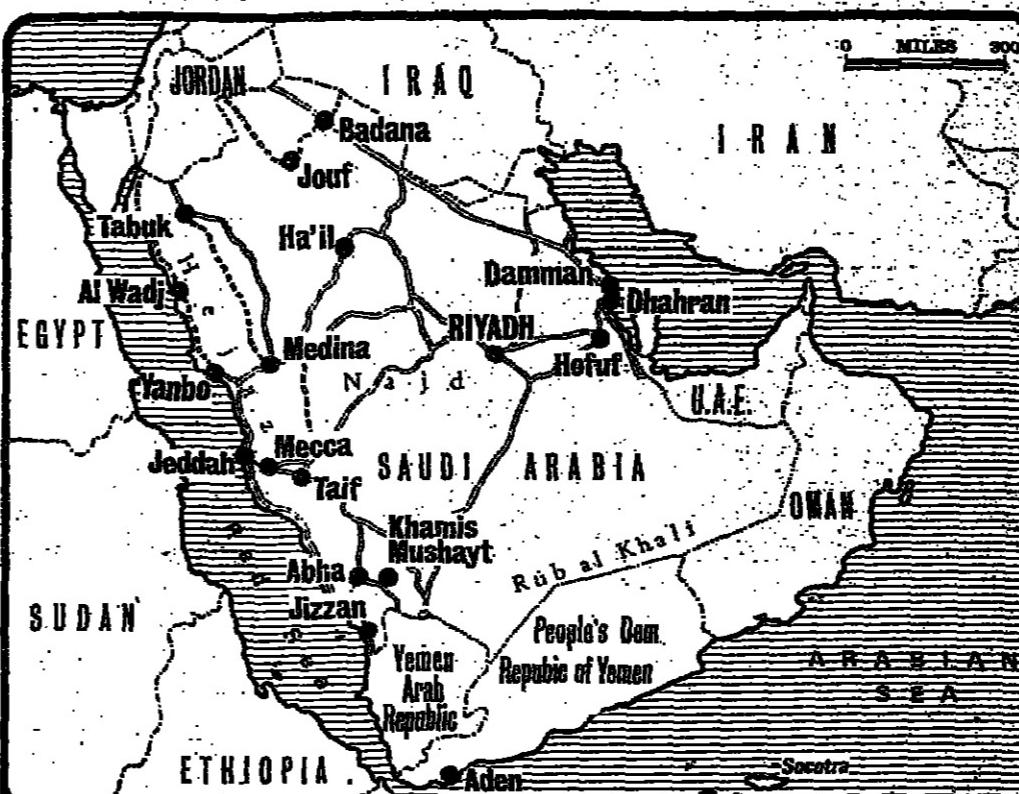
Prices

Rents rose very sharply up to about six months ago and have now levelled off to a plateau which is impossibly high for many. Two and a half years ago, he remarked ruefully, he could very easily a luxury villa with five bedrooms and a garden cost some £12,000 a year to rent; to-day the same money might procure a small four-roomed apartment. Last year it would even have been difficult to find anything at all but rapid building and would have delighted to-day's foreigners, hard hit as they are by inflation: Mutton's records was 5d. per pound, chickens 1/6 each, potatoes 3d.; a cook cost £5.10s. to £7 a month and other servants £4 to £5. The cost of similar items to-day is very different and has shown a sharp rise in the past two years. Mutton for instance has increased from 6d. to £1.60 in two years, chickens from 1/- to £1.30, potatoes from 17d. to 40d.; a cook's wages have risen from £125 per month to £250 and those of a house boy from about £80 to over £180.

Despite accommodation problems foreigners are pouring into the Kingdom. The Five-Year Plan envisaged an additional 500,000 skilled foreigners and numbers to-day are already estimated at around 1.5m. The bulk of these are Yemeni labourers (perhaps as many as 1m.), followed by Egyptians (180,000), Sudanese and Indians (88,000 and 75,000 respectively) and 50,000 Pakistanis. South Koreans have recently joined the more traditional foreign labour as a result of large road contracts: 16,000 are already working in the country and increasingly high wages offered another 8,000 are due to arrive shortly.

Westerners are also arriving in increasing numbers to take advantage of the work bonanza. The numbers of Americans have quintupled since 1971 and the near 30,000 present to-day is expected to double again in the next two years. The numbers of Britons have reached over 12,000, a more than 60 per cent. increase over last year's figures.

Rising costs add to the aggravation of living in a country where it is difficult to obtain what one requires or to have anything repaired. Mechanical



One householder had Prep. and the Parents 1,000 pupils and fees are maintenance. One householder had Prep. and the Parents 1,000 pupils and fees are

who went to get her washing Co-operative School. The currently £1,750 per year and former, founded by the British expected to rise. There is also

and Dutch communities in 1987, an entrance fee of £105, payable

and the amount of work for

on joining.

and the amount of work for

many seems unending. The

chance to put aside something for the future is an incentive for

those who work on their own account to put in long hours,

and many work simply because

there is not much else to do.

There are no theatres or concerts, only a few private

cinemas, not many clubs and societies since it is only recently

that these have been tolerated.

The alcohol prohibited—and pro-

hibited at £50 a bottle of Scotch

their mothers often suffer from

loneliness and isolation, aggra-

vated by the lack of public

transport and the fact that

"Friend" is an acceptable

cheaper alternative which can

be supplemented by home-made

Taxis are available at around wine or beer. Restaurants

are theoretically forbidden to mediocre.

take them there is always a

For those who enjoy the

bassie over the fare, and it is

desert or the sea the country

is not safe anyway to take a taxi offers excellent opportunities

after dark for women and for weekends in the children where warmth and safety are guaranteed.

Western women often find their position difficult in other ways, living in a society whose own women are still relatively sedentary. They find that unless they adopt long dresses they are subjected to some embarrassment in the streets; they may best coral reefs in the Red Sea offer perfect security. The security of the realm is guaranteed and its people law-abiding. The train sleep under the stars in the desert without the householder has

of a robbery in Saudi Arabia anywhere in the world.

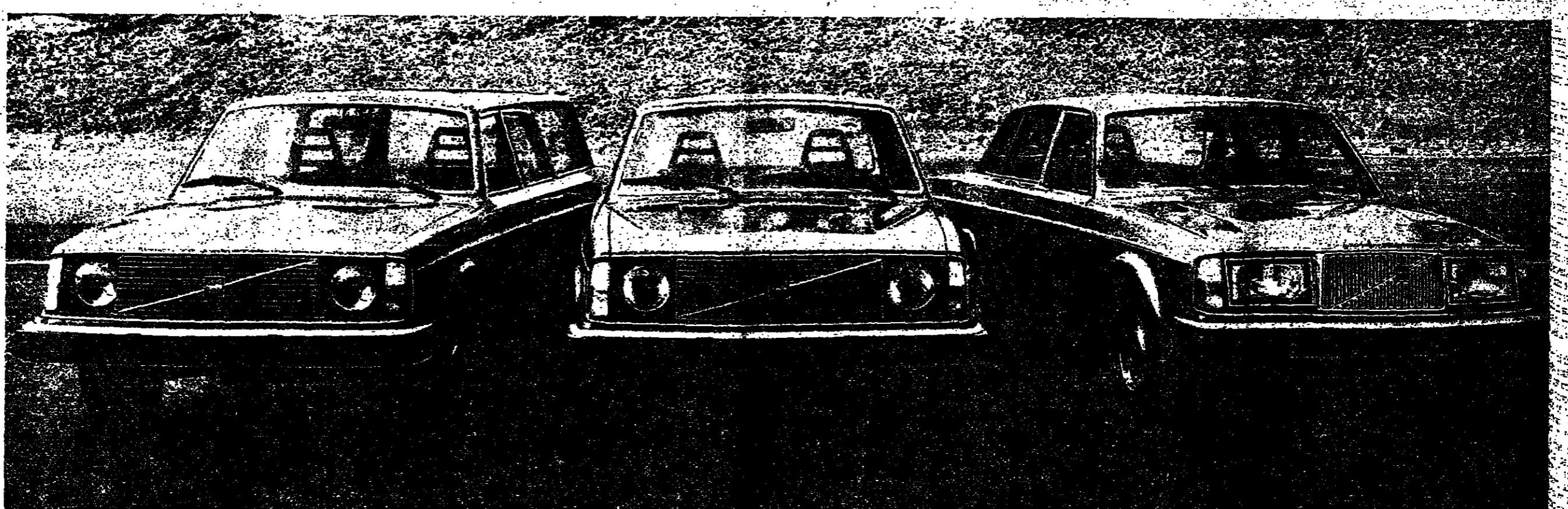
Roads

The only danger expatriate living in Saudi Arabia is on the roads. The number of vehicles increased from 40,000 a year to 800,000 to-day. The accident rate has risen accordingly. Driving standards unpredictable that the employer prefers not to have a vehicle available in case of the accident driver and others from England have in an accident in which killed will cost the "blood money" for the dead. A car insurance obtained before the country is a wise investment. However, injured, Saudi and alike are likely to be headed by the police, horses and incendiary prison hospital. The chances of proper treatment are minimal. The hazards of life in Saudi Arabia are multifarious and Bill certainly feels savings which they should make back home.

BRYAN W.

Expatriate life

Volvo in Saudi Arabia.



In Saudi Arabia today many companies are choosing Volvo cars for their fleets. They find that Volvo represents the best investment for the following reasons:

- After sales service by Volvo trained engineers offering a European standard of maintenance. The type of service you would expect from Volvo.
- Volvo's 12 month unlimited mileage warranty.
- Tough reliable cars. Which are well suited to the extremes in climatic and geographical conditions. In the desert of Arabia, reliability is not just a convenience.

- One of the safest cars available, helps to protect your biggest investment. Your management and staff.
- Your fleet investment is protected by Volvo traditional high resale value.
- Demand for used Volvos far exceeds supply.
- In short: Trouble free and safe motoring. With built-in overall economy.

For further information on Volvo's operation in Saudi Arabia, send your letter to: -The Marketing Manager, P.O. Box 1123, RIYADH.

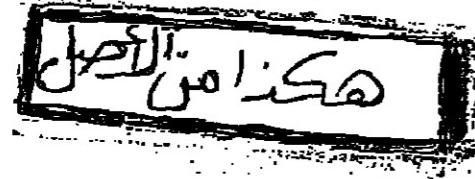
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Your investment in a Volvo pays out daily.

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Details have been leaked of another report to the Government—on broadcasting. Arthur Sandles reports

Finding the right channel

by Arthur Sandles

The RBC grew agitated about future of the fourth channel. ITV was frankly frightened it: the Tories thought it relevant; and the Labour Party is pre-occupied elsewhere.

The first hints of what is in the Annan Committee report on the future of broadcasting in Britain suggest it is a more muted and toned document than some feared, or perhaps hoped, it of its more radical policies concern policies for the elections yet to come. The

RBC's of the present structure of broadcasting remain relatively unscathed, although six minority group rebels, including Mr. Tom Jackson, would have it otherwise.

However, after its two years deliberations about advertising, the report would no contain a fascinating analysis of broadcasting as it is, and might become. The

was frightening. Each other has something like 1100 newsworthy items of written evidence and each has been subjected to such presentations by

reitors and advertisers fight for their commercial lives, quiet lobbying from people tired of losing their jobs may speak too openly.

That is irritating the committee now, is that too little of the report has leaked out too

man has, in effect, said the present organisation broadcasting, balanced as it is between a publicly financed man and one whose revenue is from advertising, is the one and should be concerned. The main criticisms are local broadcasting, and the proposals are for a fourth channel which would

Even had Annan and his team wished to suggest radical changes, there is much to prevent it. Current BBC and ITV contracts expire in 1979. There is simply not enough time between now and then to make any radical alteration, and neither organisation would rest content with a further temporary extension just to enable a Government to work out ways of giving the job to someone else.

Perhaps even more important is that there are physical limitations to any changes that can be suggested unless massive financial investment is proposed. The present BBC/ITV system of three active channels and one spare is an unchangeable framework, thanks to the pattern of transmitters, and frequency usage decisions taken 20 years ago. The only room for innovation is in the allocation of that fourth channel and, at some time in the distant future, the restructuring of the airspace currently used for the old 405 line monochrome transmissions.

Even when the Annan Committee was set up for the second time (in 1974), the Tories had cancelled it before that, there were few who believed that either the BBC or ITV would be restructured to any major extent. Now there would seem little prospect of Annan's suggestions for the use of the fourth channel will be implemented. This is partly because the Labour Government does not have the resources for such a venture and partly because any Tory Cabinet is unlikely to share Annan's enthusiasm for proposals for a fourth channel which would



Annan: too little too soon



Jackson: the group of six rebels



Curran: staying on for the fight



Grade: no new channel

dismissed the ITV suggestion that Channel Four should be restructured to any major extent. Now there would seem little prospect of Annan's suggestions for the use of the fourth channel will be implemented. This is partly because the Labour Government does not have the resources for such a venture and partly because any Tory Cabinet is unlikely to share Annan's enthusiasm for proposals for a fourth channel which would

do not originate within their own organisations. This problem has become accentuated recently as the BBC and the ITV companies have gone through their respective cash crises (ITV appears to have emerged from its difficulties in that direction). When times are hard the companies obviously try to get as much done in-house as possible.

The evidence which the Association of Independent

advertising partially produced on the other three channels is that it should broaden the base of cultural activity within this country, by fostering new talent, ideas and skills and allowing them access to the channel, and that this should happen on a continuing basis, and not just with the initial setting up of the channel.

The producers went on to argue that "the fourth television channel should invest no money in productive capacity

(this would not conflict with source of income in U.S. television and in music in Britain a radio corporation and a television corporation has been cut down, if not dismissed altogether. However, neither the BBC nor ITV can be in any way pleased with the waspish comments that are to come about local radio. The vision pages of the newspapers, however, the company will take radio is a mess there are many large advertisements declaring that Lorax Doone or whatever but, given the background to it may be "it is brought to you Britain's present local radio system, such a mess is hardly surprising. The BBC set up its system, short of money and expertise. The IBA network, under the overlordship of Mr. John Thompson, was halted in mid-stream by a new Government and struggled to get going at a time of economic downturn. Mr. Thompson is accused by some of turning a blind eye to the original concept of local commercial radio, and indeed many of the station proposals, in order to keep the whole thing afloat.

Given the political circumstances under which the report is being published, and against the present economic background, it seems unlikely that any Government will move quickly to take action about Annan. But that is hardly the point. The Pilkington Committee report of 1962 had a savaging from the commentators when it was published. From then on, however, it had a significant effect on broadcasting policy making and on broadcasting thought. If Annan succeeds in making broadcasting think about itself, and even better if it makes others think about broadcasting a significant step forward will have been taken.

The BBC might be unhappy about those comments, but it cannot fail to be delighted at the proposal that the licence fee should still be its major source of revenue. If anything has worried the Corporation over the past two years it is the thought that it might be subject to some sort of direct grant system. Sir Charles Curran, director-general of the BBC, has delayed his departure from the Corporation just so that he can fight that particular fight. It might also be pleased that the idea of splitting up the BBC

Letters to the Editor

Current cost accounting

Mr. F. Coad
In his article of March 15, Simon Archer dismisses the "unit of measurement" and suggests that it is based on a confusion. I suspect, however, that he has missed the point of the argument. He rightly states that "money, as well as a measure of health, accounting can and deal with it in both its ends." The argument, however, relates not to the end to be achieved but to the conception (if you like, the accounting language) by which it is achieved. A unit of measurement which measures money as a store of value is easily a different unit of measurement from that which measures the functions of money as a means of exchange (or as a unit of record). If it is lost accounts, which correspond to the means function, are to indicate measures of change in exchange power, this can be done by a process of translation which is precisely analogous in the translation of assets from one currency into another.

It is precisely because many working examples which put forward under the old purchasing power principle failed to recognise this that they produced accounts which were demonstrably meaningless or nonsense (as anyone took the trouble of preparing a set of model accounting in both units of measurement could readily establish).

In the Morpeth proposal, proposed supplementary statement do make a rough and adjustment which achieves correct end, although by such terms that it must be open to question as to how useful this may be.

It is difficult to take account of this, has hogged the whole inflationary debate, but small-unit mechanics are grasped by the majority of the time assets problem will be solved. The fallacy in Mr. Archer's argument is that he has not recognised the basic principle that language of any describes its meaning, and imposes boundaries on its use.

The single word "primate" is applied validly both to a layman and to an archbishop, if Mr. Archer does not notice the logical limitations imposed on the use of the he might find himself in embarrassment.

y Coad.
chester Square, W.I.

Volatile shares

From Mr. D. Damant

Sir.—The letter from Mr. R. C. Glass (March 17) about a "Diary of a small investor" is both wrong and right. The example such as the achievement of Mr. A. H. Carter is not a valid proof somebody nearly always does well, simply by chance.

A private investor is able to understand capital market theory take some very considerable risks with his money—not only buying shares but also bonds. One can certainly demonstrate being altogether that of the Financial Times Index in or out of the market; a large pension fund is unable to take such risks and is compelled to accept risks commensurate to the degree of outperformance. Large funds may also be unable to buy useful amounts of shares in smaller build a portfolio of shares in companies which are of course perfectly appropriate to the ratio in excess of the average private investor, and this sort of share may not be as efficiently priced as the market in the leading issues.

If the EEC regulation, or some variant of it, is introduced to Britain, it will have grave and far-reaching effects on passenger road transport and not least, on its users. Labour costs would be increased by between 20 per cent and 50 per cent depending on the type of operation. And this assumes that additional

Beating the market

From Mr. R. Beckman

Six—So that your readers are not misled by the innocent self-deception expressed by R. C. Glass on March 17, I would like to expand on the area of investment analysis supposedly disproved by the oversimplistic findings referred to.

R. C. Beckman
Investors Bulletin
Suite 491 Park West
Edgware Road, Marble Arch, W2

Drive against cigarettes

From Dr. G. Myddelton

Sir—Joan Roberts criticises the Government for the wrong reasons when she objects to the drive against cigarette smoking (March 15). The real question at issue is not individual liberty but the wholesomeness of a manufactured product.

There can be no danger to smoking as such, since those who smoke pipes or cigars have almost exactly the same death rate as men who have never smoked at all. If the apparent statistical association between cigarette smoking and increased mortality is really one of direct cause and effect as the Government's advisers evidently believe, then something in the manufacturing process of cigarette tobacco must give cigarette smoke lethal properties not shared by other forms of tobacco. Surely it is the duty of the authorities to find out exactly what this is and to prevent the industry from continuing to poison the public?

If, on the other hand, no chemical difference can be found between cigarette smoke and that of pipes or cigars, except that the latter is, if anything, rather stronger, then perhaps there should be second thoughts about the scientific soundness of a theory that cigarette smoking is the cause of widespread deaths from almost every disease in the textbook, especially coronary heart disease and lung cancer. When one realises that in women only one lung cancer death in five is even statistically associated with smoking, it is obvious that any unprejudiced mind that the lung cancer epidemic must have some other cause.

The investigation of the role of air pollution by the exhaust fumes of the internal combustion engine, especially the diesel, is long overdue. What is needed now is unbiased research, not the blind following of theories based purely on statistics, and this should be succeeded by drastic action to protect the public, not further exhortation.

Geoffrey Myddelton,
Blue Moon,
187 Clutries-sur-Olon,
Vaud,
Switzerland.

Shortage of drivers

From The Director-General
Confederation of British
Road Passenger Transport.

Sir.—In his letter on truck drivers' hours of work (March 16) Mr. R. Gill touches briefly on the effects which EEC regulation 545/69 could have on the bus industry.

The problems for bus and coach operators are indeed different from those facing the haulage industry. That is why we have always taken the view that the EEC should introduce separate laws for passenger and goods operation, as is the case in Britain.

If the EEC regulation, or some variant of it, is introduced to Britain, it will have grave and far-reaching effects on passenger road transport and not least, on its users. Labour costs would be increased by between 20 per cent and 50 per cent depending on the type of operation. And this assumes that additional

qualified drivers could be found (or trained) to meet the industry's increased labour requirements. This is not so. Even with current unemployment at some bus companies are short of drivers and it is quite unrealistic to expect that extra drivers could be found—particularly when the EEC regulation would reduce drivers' earning power.

The only conclusions which can be drawn from this are that there would be a decline in the levels of service offered by the bus industry—including the total withdrawal of some services—and that operating costs would rise rapidly, with consequent increases in fares or revenue support grant. There would be no benefit whatsoever.

Can this country really afford such an EEC regulation? Dennis Quin,
Sardinia House,
52 Lincoln's Inn Fields, WC2.

the investigation of the role of air pollution by the exhaust fumes of the internal combustion engine, especially the diesel, is long overdue. What is needed now is unbiased research, not the blind following of theories based purely on statistics, and this should be succeeded by drastic action to protect the public, not further exhortation.

Geoffrey Myddelton,
Blue Moon,
187 Clutries-sur-Olon,
Vaud,
Switzerland.

To-day's Events

GENERAL

TUC/Labour Party Liaison Committee meets.

Amalgamated Union of Engineering Workers executive and toolmakers' representatives meet British Leyland management to discuss grievances over pay differentials following return to work.

One-day national port strike called over proposal to close municipally-owned Preston docks.

Mr. Takeo Fukuda, Japanese Prime Minister, begins two-day talks with President Carter, Washington.

Police wives stage protest march and lobby MPs in support of police pay claim.

Lord Watkinson, CBI president, opens Kingston Regional Maritime Centre.

Component buying team from Japanese Automobile Manufacturers' Association in Britain for three weeks.

Industrial mission from Canada begins two-day visit to Britain.

Nominations close in Stechford by-election.

National Union of Mineworkers Yorkshire area annual council meeting, Barnsley.

Trade delegation from Bulgarian Chamber of Commerce begins six-day visit to Britain.

Sir Robin Gillett, Lord Mayor of London, opens annual exhibition of jewellery and silver.

COMPANY RESULTS

Low and Bonar Group (full year), Rolls-Royce Motors Holdings (full year).

PARLIAMENTARY BUSINESS

House of Commons Redundancy Rebates Bill, second reading.

Nuclear Industry (Finance) Bill, remaining stages. Debate on EEC proposals for coking coal for steel industry.

House of Lords Debates on EEC farm prices review and on Rhodesia.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (February). Monthly index of average earnings (January). Construction news orders (January).

CONFERENCE RESULTS

Low and Bonar Group (full year), Rolls-Royce Motors Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 30.

EXHIBITIONS

British stamps and postal history, Gibbons Gallery, 399 Strand, WC2 (until March 31).

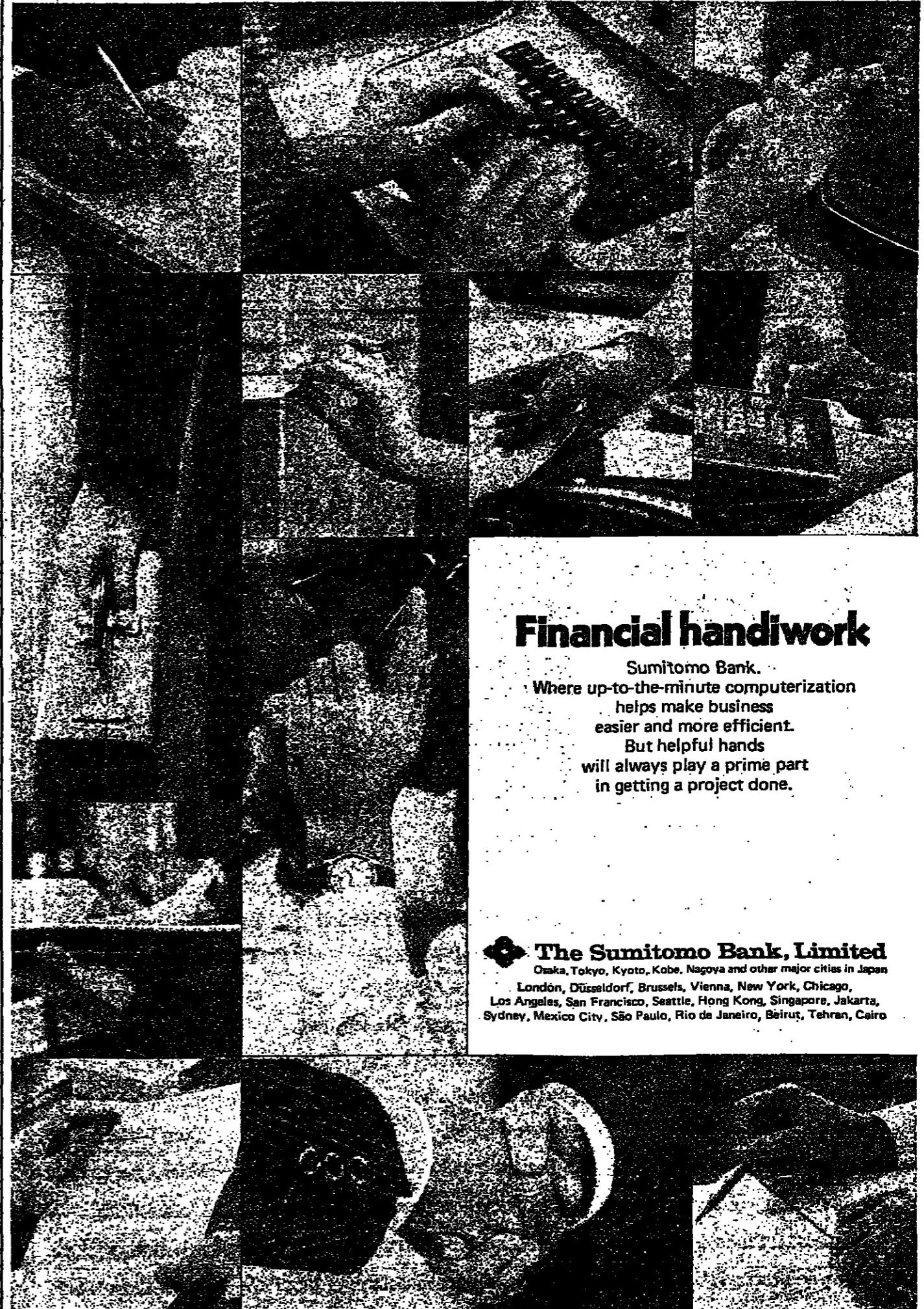
Books, drawings and papers of J. R. Tolkien, National Book League, 7, Albemarle Street, W1 (until April 7).

MUSIC

Vivian Stoen gives piano recital of works by Bach, Chopin, Liszt, and Shulandit Ran. St. Lawrence Jewry—next Guildhall, EC2, 1 p.m.

THEATRE

The Actor's Company begin a two-week season at Wimbledon with Pinero's "The Amazons."



COMPANY NEWS

NatWest chief on economic outlook

The need to help British industry through a flexible monetary policy and other measures is stressed today by Sir John Prudeux in his last annual statement as chairman of National Westminster Bank, writes Michael Blanden.

Reviewing the U.K. economic outlook for the current year, the chairman sees little scope for a rapid economic upturn against the background of a sluggish world recovery and the restrictive domestic measures announced during last year. But he says there are prospects that exports and manufacturing investment could gradually become significant growth areas.

In the immediate future, he says, it is inevitable that there will be a serious squeeze on both private and public consumption. This is a necessary requirement to restore a better balance to the U.K. economy.

There are reasonable hopes, Sir John says, of reducing domestic inflation towards the end of the year and more particularly in 1978. And he commends the increasing awareness that "rigid adherence to tight monetary targets is a vital instrument in any effective anti-inflation policy."

He emphasises, however, that the authorities must ensure that nothing is done to prevent the industrial sector from gaining access to credit to finance its legitimate requirements for investment and stockbuilding."

It is important, he adds, "to ensure that the greater discipline which we have to accept should not cause long-term damage to British industry." The tight monetary controls now in existence should be applied "with the utmost flexibility, and shown to be relaxed as soon as the economic situation permits."

Other measures to help industry should also be considered, Sir John says, including further relaxation of the price freeze, as well as a more favourable attitude to profits, incentives and business confidence." More generally, "we need a period of stability without further wasteful digressions inimical to confidence and national unity."

Sir John, who is to be succeeded as chairman by Mr. Robert Leigh-Pemberton after the bank's annual general meeting on April 19, comments on the role of the City in providing finance for industry and the issue of the proposals for nationalisation of the big four banks.

He argues that no convincing evidence has been produced to support the contention that the City has failed industry and points to the facilities available from Finance for Industry, the new Equity Capital for Industry and the banks' own medium-term support.

The nationalisation proposals, he says, have "no constructive part to play in the country's future." The proponents of nationalisation, he says, have produced no reasons to justify such a move and there is ample evidence that nationalisation of the banks would be contrary to the wishes of customers, staff and the community at large."

He welcomes, however, the establishment of the Wilson Committee—which he is a member—to examine the operations of the financial institutions.

The chairman also draws attention to the special problems faced by the banks in relation to the proposed inflation accounting standard. He says that the present draft makes no provision for the erosion of the capital ratios of the banks caused by inflationary increases in monetary assets.

He also comments that further consultation and discussion on the Bullock Committee proposals on employee representation are needed before the Government

BOARD MEETINGS

Smith Industries	Apr. 14	investment properties at December 31, 1976, showed a surplus of £122m. At that date freehold and leasehold properties were lower at £111m. (£14.46m.).
Victor Products (Walsall)	Mar. 20	Substantial repairs to residential properties were carried out during the year but such expenditure will be reduced in the current year. A further advance in the rent roll of £50,000 is anticipated. Review of the lease for Atlas House has produced an immediate increase of £40,000 in net annual rent until 1979 and £60,000 for the remaining two years.
Exchequer	Mar. 21	Because of a depressed office property market in Belgium a reduced profit is forecast for Aquis Belgium in 1977. For 1976 the Belgian property rents contributed £25,283 (£27,677) to group profit, and UK properties £0.23m. (£0.23m.). Property development produced profit of £20,231 (loss £20,032).
Smiths Industries	Mar. 22	A profit of £57,452 (£9,452) from Clarendon Court Hotel greatly exceeded internal forecast and the results for the current year are expected to show a further substantial improvement; Mr. Quitman adds.
Victor Products (Walsall)	Mar. 23	The assets of Leeds and Holbeck Building Society at December 31, 1976, increased by £13.86m. to £139.95m. and mortgage advances were up from £24.21m. to £22.61m. in 1976.
Victor Products (Walsall)	Mar. 24	Receipts rose from £55.63m. to £59.02m. and repayments of mortgages totalled £13.18m. (£12.09m.). Repayments to members and depositors were £40.31m. (£35.92m.). Investments and cash amount to £23.07m. which is 7.31 per cent. of reserves increased by 10.74m. to £4.92m.—3.51 per cent. of assets.
Victor Products (Walsall)	Mar. 25	The directors say that during 1976 another office was opened in Cheapside, London, created a deficit of £3.9m. which has been written off against the company's share premium account.
Victor Products (Walsall)	Mar. 26	A professional valuation of the remainder of the company's share capital value stands at £534.41m. (£549.54m.).
Victor Products (Walsall)	Mar. 27	The Group's international operations continue to make a good contribution to profits and thus to the country's benefit also. In the context of international earnings much foreign business arises from the work undertaken for customers of the various banking division and the business is constantly being acquired in the numerous international financial centres.
Victor Products (Walsall)	Mar. 28	In the domestic banking division, Sir John says that branch rationalisation continues but at a slower pace. With the substantial part of the programme now complete the remaining cases are those which pose greater practical problems in implementation.
Victor Products (Walsall)	Mar. 29	He reports that in the autumn it is planned to amalgamate the running rooms of International Westminster Bank and the main International Money Desk in London.
Victor Products (Walsall)	Mar. 30	Brokers Dennis Murphy, Campbell have arranged a placing of £1m. of 1% per cent. Redeemable Debenture Stock 1985 at 100 per cent. on behalf of the Mid-Sussex Water Company.
Victor Products (Walsall)	Mar. 31	At the placing price the running yield is 13.383 per cent. and the redemption yield is 13.456 per cent. The stock is payable as at 50 per cent. on March 24 with the balance of £49 per cent. due on June 28.
Victor Products (Walsall)	Mar. 32	The first interest payment amounting to £5,082 gross per cent. will cover the period from March 24 to September 28 and will be payable on the latter date. Thereafter interest will be payable half-yearly on March 28 and September 28.
Victor Products (Walsall)	Mar. 33	A second tranche of stock amounting to £900,000 will be available to the market until noon on Wednesday and dealings are expected to start in a £50 paid form on Wednesday 23.
Victor Products (Walsall)	Mar. 34	The company states that the present issue is being made to provide funds towards capital ex-

penditure on the works necessary to fulfil the company's obligations to meet an increasing demand for water.

Bright future for Aquis

THE OUTLOOK for Aquis Securities in 1977 is bright and there seems no doubt that profits will continue to grow, says Mr. Harold Quitman, the chairman, in his annual statement.

The accounts show that future expenditure, including that authorised but not contracted for, amounted to £102.96m. compared with £106.11m. previously.

Mr. John reports that in the capital programme, good progress has been made on the redevelopment of the Bishopsgate complex where the central core is nearing completion and the installation of plant and machinery is proceeding.

Excellent progress has also been made on the new completed clearing centre in Leaden Street.

He says: "and the should become operational during the summer of 1978."

As already reported, profit before tax for 1976 was £187.77m. (£104.44m.), an earnings per share of 42.828 (£24.869p) basic or 37p fully diluted.

The balance sheet shows current, deposit and other accounts standing at £15.380m.

During 1976, and particularly in the second half of the year, more definite indications of property values became evident; and, arising from further assessments made by the Bank's premises division, the directors considered it prudent to reduce the revaluation surplus by £50m. Following this reduction, these assessments show that there is no significant difference between the overall market and book value of the group's properties, the chairman states. Book value stands at £534.41m. (£549.54m.).

The Group's international operations continue to make a good contribution to profits and thus to the country's benefit also. In the context of international earnings much foreign business arises from the work undertaken for customers of the various banking division and the business is constantly being acquired in the numerous international financial centres.

In the domestic banking division, Sir John says that branch rationalisation continues but at a slower pace. With the substantial part of the programme now complete the remaining cases are those which pose greater practical problems in implementation.

He reports that in the autumn it is planned to amalgamate the running rooms of International Westminster Bank and the main International Money Desk in London.

He also comments that no convincing evidence has been produced to support the contention that the City has failed industry and points to the facilities available from Finance for Industry, the new Equity Capital for Industry and the banks' own medium-term support.

The nationalisation proposals, he says, have "no constructive part to play in the country's future." The proponents of nationalisation, he says, have produced no reasons to justify such a move and there is ample evidence that nationalisation of the banks would be contrary to the wishes of customers, staff and the community at large."

He welcomes, however, the establishment of the Wilson Committee—which he is a member—to examine the operations of the financial institutions.

The chairman also draws attention to the special problems faced by the banks in relation to the proposed inflation accounting standard. He says that the present draft makes no provision for the erosion of the capital ratios of the banks caused by inflationary increases in monetary assets.

He also comments that further consultation and discussion on the Bullock Committee proposals on employee representation are needed before the Government

Statement Page 31
See Lex

ISSUE NEWS AND COMMENT

Mid-Sussex Water £3m. 13 1/4% debenture

Brokers Dennis Murphy, Campbell have arranged a placing of £1m. of 1% per cent. Redeemable Debenture Stock 1985 at 100 per cent. on behalf of the Mid-Sussex Water Company.

At the placing price the running yield is 13.383 per cent. and the redemption yield is 13.456 per cent. The stock is payable as at 50 per cent. on March 24 with the balance of £49 per cent. due on June 28.

The first interest payment amounting to £5,082 gross per cent. will cover the period from March 24 to September 28 and will be payable on the latter date.

Thereafter interest will be payable half-yearly on March 28 and September 28.

A second tranche of stock amounting to £900,000 will be available to the market until noon on Wednesday and dealings are expected to start in a £50 paid form on Wednesday 23.

The company states that the present issue is being made to provide funds towards capital ex-

penditure on the works necessary to fulfil the company's obligations to meet an increasing demand for water.

● comment

Mid-Sussex Water's issue is the first in the debenture market for some time and evidently the stock was swiftly placed in the market. There is no directly comparable gilt to this issue, but after the wide rise in gilt prices on Thursday (the terms of the issue were fixed on Wednesday evening) the redemption yield of 13.456 per cent. Mid-Sussex is way above the forthcoming 13.383 per cent. To get that sort of yield from a Government stock an investor would have to go to a date in the 1990s. So, assuming that prices do not collapse on Monday, a good response is expected to the second tranche of stock on offer to the market on Tuesday morning, and analysts are already talking of a point premium.

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE

March 11, 1977

\$50,000,000

Caisse Nationale des Autoroutes

9 1/2% Guaranteed Bonds Due March 15, 1997

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

The Republic of France

The First Boston Corporation Goldman, Sachs & Co. Smith Barney, Harris Upham & Co.

Morgan Stanley & Co. Lazard Frères & Co. Merrill Lynch, Pierce, Fenner & Smith Incorporated

Salomon Brothers EuroPartners Securities Corporation

Bache Halsey Stuart Inc. Banque Française du Commerce Extérieur Banque Nationale de Paris

Banque de l'Union Européenne Blyth Eastman Dillon & Co. Crédit Commercial de France

Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Incorporated

Hornblower & Weeks-Hemphill, Noyes E. F. Hutton & Company Inc. Drexel Burnham & Co.

Kuhn Loeb & Co. Lehman Brothers Loeb Rhoades & Co. Inc. New Court Securities Corporation

Paine, Webber, Jackson & Curtis Reynolds Securities Inc. SoGen-Swiss International Corporation

Warburg Paribas Becker Inc. Wertheim & Co., Inc. White, Weld & Co.

Basle Securities Corporation Bear, Stearns & Co. Daiwa Securities America Inc.

Robert Fleming Kleinwort, Benson The Nikko Securities Co. Nomura Securities International, Inc.

Scandinavian Securities Corporation Suez American Corporation Yamaichi International (America), Inc.

Lepercq, de Neufville & Co. New Japan Securities International Inc. Ultrafin International Corporation

BIDS AND DEALS

Biwater 45p cash for Shellabear

Biwater, the Dorking, Surrey-based water treatment plant concern, has emerged as the unquoted company which has been having bid talks with Shellabear Price (Holdings), the civil engineering, building and plant hire group. A joint announcement issued over the weekend said that discussions

have

now

reached

an

agreement

for

the

Queen's

Award

to

Industry

for

Exports

by

Shellabear

share

of

£1.35m.

Biwater

has

instructed

an

independent

firm

of

accountants

to

verify

that

the

management

of

Shellabear

is

in

good

order

to

enable

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in next few weeks are given in the following table. The dates we are those of last year's announcements except where the incoming Board meetings (indicated thus *) have been officially disclosed. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent we are those of last year's announcements except where the luminous profit figures usually accompany final dividend statements.

Date	Announcements	Date	Announcements
Apr. 1	Final 10.50%	Mar. 15	Final 10.50%
Apr. 2	Final 10.50%	Mar. 16	Final 10.50%
Apr. 3	Final 10.50%	Mar. 17	Final 10.50%
Apr. 4	Final 10.50%	Mar. 18	Final 10.50%
Apr. 5	Final 10.50%	Mar. 19	Final 10.50%
Apr. 6	Final 10.50%	Mar. 20	Final 10.50%
Apr. 7	Final 10.50%	Mar. 21	Final 10.50%
Apr. 8	Final 10.50%	Mar. 22	Final 10.50%
Apr. 9	Final 10.50%	Mar. 23	Final 10.50%
Apr. 10	Final 10.50%	Mar. 24	Final 10.50%
Apr. 11	Final 10.50%	Mar. 25	Final 10.50%
Apr. 12	Final 10.50%	Mar. 26	Final 10.50%
Apr. 13	Final 10.50%	Mar. 27	Final 10.50%
Apr. 14	Final 10.50%	Mar. 28	Final 10.50%
Apr. 15	Final 10.50%	Mar. 29	Final 10.50%
Apr. 16	Final 10.50%	Mar. 30	Final 10.50%
Apr. 17	Final 10.50%	Mar. 31	Final 10.50%
Apr. 18	Final 10.50%	Mar. 1	Final 10.50%
Apr. 19	Final 10.50%	Mar. 2	Final 10.50%
Apr. 20	Final 10.50%	Mar. 3	Final 10.50%
Apr. 21	Final 10.50%	Mar. 4	Final 10.50%
Apr. 22	Final 10.50%	Mar. 5	Final 10.50%
Apr. 23	Final 10.50%	Mar. 6	Final 10.50%
Apr. 24	Final 10.50%	Mar. 7	Final 10.50%
Apr. 25	Final 10.50%	Mar. 8	Final 10.50%
Apr. 26	Final 10.50%	Mar. 9	Final 10.50%
Apr. 27	Final 10.50%	Mar. 10	Final 10.50%
Apr. 28	Final 10.50%	Mar. 11	Final 10.50%
Apr. 29	Final 10.50%	Mar. 12	Final 10.50%
Apr. 30	Final 10.50%	Mar. 13	Final 10.50%
Apr. 31	Final 10.50%	Mar. 14	Final 10.50%
May 1	Final 10.50%	Mar. 15	Final 10.50%
May 2	Final 10.50%	Mar. 16	Final 10.50%
May 3	Final 10.50%	Mar. 17	Final 10.50%
May 4	Final 10.50%	Mar. 18	Final 10.50%
May 5	Final 10.50%	Mar. 19	Final 10.50%
May 6	Final 10.50%	Mar. 20	Final 10.50%
May 7	Final 10.50%	Mar. 21	Final 10.50%
May 8	Final 10.50%	Mar. 22	Final 10.50%
May 9	Final 10.50%	Mar. 23	Final 10.50%
May 10	Final 10.50%	Mar. 24	Final 10.50%
May 11	Final 10.50%	Mar. 25	Final 10.50%
May 12	Final 10.50%	Mar. 26	Final 10.50%
May 13	Final 10.50%	Mar. 27	Final 10.50%
May 14	Final 10.50%	Mar. 28	Final 10.50%
May 15	Final 10.50%	Mar. 29	Final 10.50%
May 16	Final 10.50%	Mar. 30	Final 10.50%
May 17	Final 10.50%	Mar. 31	Final 10.50%
May 18	Final 10.50%	Mar. 1	Final 10.50%
May 19	Final 10.50%	Mar. 2	Final 10.50%
May 20	Final 10.50%	Mar. 3	Final 10.50%
May 21	Final 10.50%	Mar. 4	Final 10.50%
May 22	Final 10.50%	Mar. 5	Final 10.50%
May 23	Final 10.50%	Mar. 6	Final 10.50%
May 24	Final 10.50%	Mar. 7	Final 10.50%
May 25	Final 10.50%	Mar. 8	Final 10.50%
May 26	Final 10.50%	Mar. 9	Final 10.50%
May 27	Final 10.50%	Mar. 10	Final 10.50%
May 28	Final 10.50%	Mar. 11	Final 10.50%
May 29	Final 10.50%	Mar. 12	Final 10.50%
May 30	Final 10.50%	Mar. 13	Final 10.50%
May 31	Final 10.50%	Mar. 14	Final 10.50%
June 1	Final 10.50%	Mar. 15	Final 10.50%
June 2	Final 10.50%	Mar. 16	Final 10.50%
June 3	Final 10.50%	Mar. 17	Final 10.50%
June 4	Final 10.50%	Mar. 18	Final 10.50%
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June 16	Final 10.50%	Mar. 30	Final 10.50%
June 17	Final 10.50%	Mar. 31	Final 10.50%
June 18	Final 10.50%	Mar. 1	Final 10.50%
June 19	Final 10.50%	Mar. 2	Final 10.50%
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June 21	Final 10.50%	Mar. 4	Final 10.50%
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Aug. 27	Final 10.50%	Mar. 9	Final 10.50%
Aug. 28	Final 10.50%	Mar. 10	Final 10.50%
Aug. 29	Final 10.50%	Mar. 11	Final 10.50%
Aug. 30	Final 10.50%	Mar. 12	Final 10.50%
Aug. 31	Final 10.50%	Mar. 13	Final 10.50%
Sept. 1	Final 10.50%	Mar. 14	Final 10.50%
Sept. 2	Final 10.50%	Mar. 15	Final 10.50%

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Indian Electronic Components Exbn. (cl. Mar. 31)	28-30 Cork St., W1
Current	Quality by Design Exhibition (cl. Mar. 26)	Design Centre, S.W.1
Current	Daily Mail Ideal Home Exhibition (cl. Apr. 2)	Olympia, Glasgow
Today	Scottish Hotel Catering Exhibition (cl. Mar. 25)	Coventry
Mar. 22-23	EIA Engineering Exhibition	Cunard Int'l. Hotel, W.6
Mar. 22-24	Computermark 77 Exhibition	Earls Court
Mar. 22-24	International Tyre and Equipment Exhibition	Nat. Exba. Centre, B'ham.
Mar. 25-Apr. 1	Engineering Inspection & Quality Control Exba.	Wembley Conf. Centre
Mar. 28-Apr. 1	Autopilot 77 Exhibition	Bristol
Mar. 29-Apr. 1	Business & Management Teaching Aids Exba.	Metropole Centre, Brighton
Mar. 31-Apr. 1	Frozen Food Exhibition	West Centre Hotel, S.W.6
Apr. 19-21	Heating & Ventilation Exhibition	Grosvenor House, W.1
Apr. 19-21	Electronics Exhibition	Heathrow Hotel
Apr. 19-24	High Fidelity 77 Exhibition	Metropole Centre, Brighton
Apr. 20-22	Offshore Repair & Maintenance Exhibition	

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Motor Show (cl. Mar. 27)	Geneva
Current	Cairo International Fair (cl. Mar. 31)	Cairo
Current	British Export Fair (cl. Apr. 2)	Tokyo
Mar. 23-Apr. 2	International Building Exhibition	Utrecht
Mar. 28-Apr. 4	Lyons International Fair	Lyons
Mar. 31-Apr. 6	International Electronic Components Exbn.	Paris
Apr. 14-23	International Trade Fair	Milan
Apr. 17-24	International Food Fair	Thessalonika
Apr. 18-24	International Spring Fair	Zagreb
Apr. 20-28	Hanover Fair 77	Hanover
Apr. 21-May 1	Int. Building & Public Works Exhibition	Madrid
Apr. 23-May 8	Brussels Trade Fair	Brussels

BUSINESS AND MANAGEMENT CONFERENCES

Mar. 22	CBI: Europe and the Middle East
Mar. 22	London Chamber of Commerce: Foreign Currency
Mar. 22	LPCPS, Social Security and Pensions
Mar. 22	ICE: Research & Corp. Planning in the Chem. Ind.
Mar. 22-23	Management Education Services: The Practice of Credit Control
Mar. 23-25	Seafarers Money and Ships '77
Mar. 22-24	Assoc. CII: International Taxation
Mar. 23-25	District Export Assoc.: National Conference
Mar. 24	Ministry of Finance: U.K. Ports in the EEC
Mar. 24	CSIR: Export Finance in Foreign Currencies
Mar. 25	G.K. Tutorial: Documentary Credits
Mar. 25	Int. & Prop. Studies: Corporate Tax Reduction
Mar. 27-Apr. 1	W. Scott: Effective Office Management
Mar. 28-Apr. 1	ICMA: ED 15 & the Management Accountant
Mar. 29-30	PBIS: Building Sub-Contract Forms
Mar. 30	Stanford Research: Decision Analysis
Mar. 30-31	Financial Times: Employment Conditions Abroad Limited: International Executive Employment
Apr. 4-5	Leicester University: Industrial Democracy
Apr. 5	Imperial College: Financial Management
Apr. 6	London Business School: The Bullock Report
Apr. 7	Interbank Research Organisation: Financial Decision Making on a Group Wide Basis
Apr. 12-13	Financial Times, Norwegian Journal of Commerce and Shipping: Oil and the Norwegian Economy
Apr. 13-14	Queen Mary College: Commercial Operations in Europe
Apr. 13-15	Leeds University: The Computer in Transport Management
Apr. 14	Henley Centre for Forecasting: The Budget
Apr. 14-15	World Trade Institute: Export Documentation and Finance
Apr. 15-18	Institute of Personnel Management: Government Intervention in Industrial Relations
Apr. 18	Dunchurch Industrial Staff College: Export Management
Apr. 19-20	Financial Times: Industrial Relations in 1977
Apr. 20	Agra Europe: The CAP & the U.K. Food Industry
Apr. 21	Institute of Chartered Accountants: International Accounting Standards Conference
Apr. 21	London Chartered Accountants: The Stock Exchange

This week in Parliament

TODAY Commons.—Redundancy Rebates Bill, Second Reading. Nuclear Industry (Finance) Bill; remaining stages. Motion on EEC document on coking coal for steel industry.

Lords—Redundant Mineworkers and Concessionary Coal (Payments Schemes) (Amendment) Order. Transport Boards (Adjustment of Pavements) Order. Family Income Supplements (Computation) Regulations. Weights and Measures Act 1963 (Honey) Order 1977. Debate on EEC Farm Price Review and Green Pound.

Select Committees—Expenditure, general sub-committee. Subject: Developments in Trade and Industry Sub-Civil Service. Witnesses: Lord Diamond and Sir Samuel Goldsmith (4.15 room 8). Expenditure, Education, Arts and Home Office Sub-Committee. Subject: Attainments of the school-leaver. Witnesses: Modern Language Association; National Association for Teaching of English (4.15 room 13). Expenditure, Social Services and Employment Sub-Committee. Subject: Job Creation Programme. Witnesses: local authorities and voluntary organisations. (2.30 in Manchester).

TO-MORROW Commons. Debate on defence estimates.

Lords, Agricultural Holdings (Notices to Quit) Bill, third reading. Social Security (Miscellaneous Provisions) Bill, report. Gas (Northern Ireland) Order. In its evidence to the Royal Commission on the NHS, the TUC argues that "a universal private insurance scheme would result in better care being given to those who can pay for it." The TUC sees no need for immediate changes in health service structure because of the changes made in 1974.

INTRODUCTION of private health insurance schemes into the National Health Service has been rejected by the TUC because it would result in poorer health care for many working people.

The TUC sees no need for immediate changes in health service structure because of the changes made in 1974.

it regards the health service as a primary function of Government and believes there should be no financial barriers to good health. For this reason, it opposes all charges and opposes public expenditure cuts which affect the NHS.

Revenue for the NHS should come from general taxation, and in the long term there should be an increase in the proportion of the national income devoted to the health service.

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TUC hits private medicine

BY OUR LABOUR STAFF

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J.P. Yeo Ltd

NatWest 1976

From the Statement by the Chairman
Sir John Prudential OBE



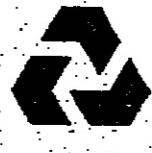
The recovery in the Group profit has reversed the trend of the last two years and is especially important at a time of high inflation – the retention of adequate profits remains essential in building our capital base to keep it in line with the Group's needs.



We have substantial commitments by way of medium-term support for industry in addition to providing short-term working capital – and we have expanded our financing of the North Sea oil and gas industry taking the lead in several major loans.



Overall, our international business continues to show strong growth in both assets and profits and we are proud to be among the nation's leading invisible exporters.



The responsibility for recreating the climate necessary to encourage industry to invest for re-equipment and modernisation rests with the Government itself: given the appropriate climate, 1977 could set the stage for a dramatic and sustained recovery in the UK economic fortunes in which we are ready to play a full part.

Figures taken from the Group Accounts 1976

Ordinary share capital.....	£222 million
Reserves	£697 million
Current, deposit and other accounts.....	£15,384 million
Advances	£10,615 million
Group profit after allocation to staff profit-sharing	£188 million
Tax.....	£100 million
Retained profit.....	£63 million

National Westminster Bank Group

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP.

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FT SHARE INFORMATION SERVICE

CANADIANS

Dividends Paid Stock

Price £ Div. Net Cw/Gr. P.P.

Td. Last Div. Gross Cw/Gr.

Fwd. Inv. % Red.

Yield

Based on £100 per £1

*BRITISH FUNDS

Interest Due

Stock

Price £

Last Div.

Inv. £

Yield

Based on £100 per £1

Shorts Lives up to Five Years

25M Treasury 11% 77-78 101.1 17.211.36

15M Treasury 9% 77-78 95.7 11.0 11.0

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FINANCIAL TIMES

Monday March 21 1977

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GEC bid on Caracas Metro contract highest at \$605m.

BY JOSEPH MANN

THE BRITISH consortium headed by GEC has started its seven international competitors for the contract to supply rolling stock and rails for the Caracas Metro.

GEC's bid was \$605.8m. while the lowest, from Société Générale de Techniques et d'Etudes de France, was \$229m.

Offers were expected to be in the \$250m. to \$350m. range. "GEC must have been bidding on a different railway," commented one of the foreign engineers involved with the Metro construction after the offers were announced this morning.

A banker suggested that the

British might have come in with a high bid because of the bidding effects of interest rates and general inflation in the U.K. There was surprise, however, that the GEC consortium did not make a low basic bid with contractual adjustments to compensate for inflation.

The bidding was for one of the biggest contracts to be let in the construction of the \$1.5bn. Caracas Metro. It involves 240 rail transit cars and 4,500 tonnes of steel rail.

Dual offer

Trains will run on a 20 kilometre stretch of the Metro which will cross the valley of Development Corporation of project.

Canada (\$374.6m.), Siemens A.G. placed two different bids—aluminium cars (\$259.3m.) and stainless steel coaches (\$257.9m.). Canadian Vickers and Brown Boveri and Cie AG had passed the pre-qualification stage but did not present offers.

Recently, a consortium called Avrill headed by British Rail and Transmark dropped out of the competition for building the first major link in Venezuela's national railway system.

Avrill said that the contractual requirements laid down by the Venezuelan Government—especially related to cash-flow—were unacceptable. Other foreign consortia made offers on the

U.K. faces heavier repayments in 2 years

By Peter Riddell,
Economics Correspondent

BRITAIN WILL start making repayments on a large scale from 1979 onwards on the sizeable sum of official foreign currency borrowing arranged over the last two years.

The latest Treasury estimates show that the Government and other public sector bodies will have to repay only about \$100m. this year and \$800m. next year before the total rises sharply to \$2.4bn. in 1979.

Repayments will remain above \$2bn. until 1983 with a peak year of \$4.7bn. in 1981.

This underlines the recent statements by the Governor of the Bank of England about the need to run a large current account surplus for several years both in order to repay these debts and to rebuild the reserves.

Repayments between now and 1985 total \$17bn. on Government and other public sector borrowings outstanding at the end of February. This excludes some debt which has been arranged but not drawn, although this is unlikely to alter the debt repayment profile significantly.

The figures assume that drawings on the IMF oil facility and on the credit tranches will be repaid over the fourth and fifth years after drawing.

These borrowings have, in the main, been built up over the last three years to finance the continuing heavy current account deficit and include, in particular, the large amounts raised by public sector bodies under the exchange cover scheme.

A large part of the total amount outstanding on the official foreign currency borrowing is on a floating rate basis, with the interest payable in any period determined by the level of Euro-dollar interest rates then prevailing.

REPAYMENTS OF OFFICIAL OVERSEAS BORROWING*

	Sbn.	Other public Government Sector
1977	0.1	0.0
1978	0.1	0.7
1979	0.7	1.7
1980	1.2	2.0
1981	2.0	2.7
1982	1.1	1.6
1983	0.8	0.8
1984	0.7	0.6
1985	0.1	0.1

* Foreign currency borrowing by Government and public sector bodies, including nationalised industries, public corporations and local authorities.

Source: Treasury.

Leyland Special Products expects 43% profit rise

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITISH Leyland's Special Products group expects to increase its sales by 33 per cent. to £18m. this year. This is in stark contrast to the uncertainties surrounding the car division.

Special Products' plan also involves a 42 per cent. jump in capital spending to nearly £12m.

Employment is expected to rise by 6 per cent. to about 13,200 according to a confidential document circulating within the group.

The statistics provide useful ammunition for those in Special Products and outside who believe the group should be split from British Leyland.

• Britain's second-largest construction equipment business with sales about equal to those of Prestcold and which consists of Aveling-Barford, Aveling Marshall, Goodwin Barsby and Barfords of Bolton.

Certainly, the importance of Special Products, now the eighth largest of the U.K. specialist engineering groups, is obscured by the sheer size of Leyland's involvement in volume car production.

• Alvis, the military vehicles builder, and

• Three smaller specialist companies. Self Changing Gears, Scammell Trailers and the Nuffield Press, all forecasting sales of between £4m. and £10m. this year.

This year's forecasts apparently do not take into account the possible acquisition of Rubery Owen Conveyancer

which, with its expected £25m. of sales, would nearly double the size of Special Products' involvement in the forklift truck business.

Talks about this possible acquisition have been going on since November and should be completed soon. The take-over would be in line with the recommendations of the working party which has been looking at the forklift truck sector as part of the industrial strategy exercise.

Special Products could also be expected to play a major role in changes to the structure of the U.K. construction equipment industry which have been mooted.

In the 15-month financial period to the end of last December, Special Products produced profits before interest of £14.6m. Sales were £198m.

Capital spending of £8m. was about £2.5m. below that planned, mainly because investment by the construction equipment side did not progress as fast as expected.

Mr. David Abell, Special Products' managing director, said in a letter which went out to employees recently, that the group should break even on cash flow and be self-sufficient by the end of this year. There was a negative cash flow of more than £1m. in the previous 15 months.

TV industry ready to fight Hitachi plan for U.K. factory

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE TELEVISION industry has just begun production, could the industrial strategy proposal told the Government in no uncertain terms that the Japanese about 30 per cent. of the U.K. market should not be maker's 1976 output.

Though a proportion would be exported, the impact on the home market would be substantial.

Such a step would be harmful to the television industry and to employment in it. More jobs would be lost in electronics than created, the manufacturers say.

The indications are that the Government is far from convinced by these arguments. Negotiations between it and Hitachi are understood to be at a delicate stage, which explains why the British manufacturers are stepping up their protest.

Thorn, the biggest: Philips-Pye; Decca; GEC; Rank-Bush-Murphy; and ITT say that there already is serious over-capacity in the industry, which can produce well over 2m. colour television sets a year. This compares with a sales of 1.7m. in 1976, and the forecasts are that little market growth can be expected.

Two other Japanese concerns, Sony, which began production in the U.K. in 1974, and National Panasonic (Matsushita) which

they suggest is unlikely that the Japanese manufacturers in the U.K. would use as many British components as do the domestic manufacturers. They refer to the fact that Hitachi is investing in a £20m. colour tube plant in Finland in association with Salora and with the financial backing of the Finnish Government.

The British manufacturers apparently feel that Hitachi is determined to set up a European base and that it might as well be in the U.K.

They suggest it is unlikely that the Japanese manufacturers in the U.K. would use as many British components as do the domestic manufacturers. They refer to the fact that Hitachi is investing in a £20m. colour tube plant in Finland in association with Salora and with the financial backing of the Finnish Government.

The British manufacturers have pointed out that they believed they were getting Government support in their struggle for survival as the industry was included as a "key" sector to which special attention was being paid under

the industrial strategy pro-

gramme.

Establishment of a Hitachi factory would create a large element of uncertainty and instability.

If Hitachi did set up in the U.K. it would probably be in the North-East, a development area, where it would provide between 400 and 500 jobs, an attractive proposition from the Government's point of view, and one which would attract State aid.

The Department of Industry

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